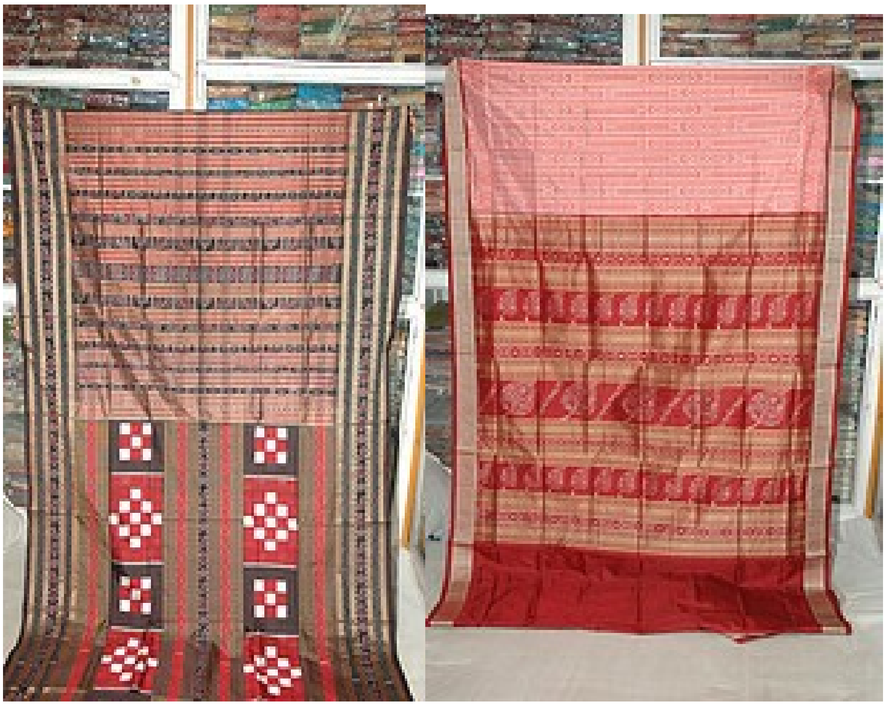
EVALUATION STUDY SERIES : ORISSA R.O. : NO – 13

DISTRICT RURAL INDUSTRIES PROJECT (DRIP) IN BARGARH DISTRICT

AN EVALUATION STUDY



NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT

ORISSA REGIONAL OFFICE , BHUBANESWAR

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CONTENTS

FOREWORD

Promotion of Rural Non Farm Sector has been considered as the most effective way of addressing the issue of providing meaningful employment opportunities and alleviating poverty in rural areas. It is now a well accepted fact that agriculture alone will not be able to generate adequate employment opportunities to absorb the large and growing rural work force. With modernisation, increased mechanisation and technological innovations being adopted in the agriculture sector, its ability to absorb labour in a significant manner is bound to decline further. A combination of farm and non farm employment and income at the household level provides resilience against adverse situations in either of the sectors.

The development of Rural Non Farm sector comprising mainly of small, tiny, cottage and village industries has always been a thrust area for NABARD. Taking 'District' as the basic unit for planning for development linkages and infrastructure in the non farm sector, NABARD launched District Rural Industries Project (DRIP) in the year 1993-94. Making a humble beginning from 5 districts in the country, the programme was extended to 106 districts throughout the country upto the end of March 2007.

DRIP in Bargarh district was launched in the year 1999-00 and has completed its tenure of five years. The present study was conducted in Bargarh district to assess the impact of the project, document its positive indicators so as to replicate them in other DRIP districts and probe into the negative features so as to take necessary corrective measures.

The credit flow to non farm sector in Bargarh district has exhibited a compound Annual Growth Rate of 55 per cent during the period between 2000-01 to 2005-06. The credit flow to 12 sub sectors under DRIP taken together, increased from Rs. 13.62 crore in 1999-00 to Rs.238.49 crore during 2000-01 to 2005-06. The number of units set up increased from 2405 to 36535 and employment generation from 5488 to 1.90 lakh during the same period.

The analysis of operations of 74 sample units engaged in Handloom & Handicrafts, Agro Processing, Retails and Wholesale Trade, Fabrication and Service activities reveal the employment generating potential and viability of the units. The bank loan for the units ranged between Rs. 0.25 lakh and Rs. 56.33 lakh and the net proceeds between Rs. 0.61 lakh to Rs. 25.71 lakh per annum. The repayment performance of the units ranged between 40 per cent to 80 per cent, with the handloom and handicrafts accounting for the former and agro processing units accounting for the latter.

The promotional initiatives introduced during the implementation of the project led to the creation of better awareness about the non farm sector financing among the bankers in the district. The success of the project depends on the cooperation received from all the partner agencies and to have real impact in other districts, the coordination/ intervention/ involvement of all partner agencies at all levels including that at the highest level is necessary.

I hope that this report will be useful for all those concerned with the development of the rural non farm sector in the state of Orissa.

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ABBREVIATIONS

ACC	Artisan Credit Card
BIRD	Bankers’ Institute for Rural Development
BISWA	Bharat Integrated Welfare Agency
BLAM	Block Level Awareness Meet
BCR	Benefit to Cost Ratio
CAGR	Compound Annual Growth Rate
CB	Commercial Bank
DAs	Development Agencies
DIC	District Industries Centre
DPS	District Potential Survey
DRDA	District Rural Development Agency
DRIP	District Rural Industries Project
FRR	Financial Rate of Return
FSS	Farmers Service Society
GDP	Gross Domestic Product
GLC	Ground Level Credit
GOPP	Goal Oriented Project Planning
LDM	Lead District Manager
MASS	Manav Adhikar Seva Samiti
NBSC	National Bank Staff College
NGO	Non Govt. Organisation
NPV	Net Present Value
OPS	Other Priority Sector
PACS	Primary Agriculture Cooperative Society

PCGC	Project Coordination and Guidance Committee
PLIs	Prime Lending Institutions
PDWs	Product Development Workshops
PIMC	Project Implementation and Monitoring Committee
REDPs	Rural Entrepreneurship Development Programmes
RNFS	Rural Non Farm Sector
ROI	Return on Investment
RT	Retail Trade
RUDSETI	Rural Development and Self Employment Training Institute
SAP	Service Area Plan
SB	Small Business
SBI	State Bank of India
SCC	Swarozgar Credit Card
SDCCB	Sambalpur District Central Cooperative Bank
SGSY	Swarnajayanti Grameen Swarojgar Yojana
SHGs	Self Help Groups
SLRC	State Level Review Committee
SSI	Small Scale Industries
TPC	Training cum Production Centre
UGB	Utkal Gramya Bank
VAs	Voluntary Agencies

BASIC DATA SHEET

1	Programme	District Rural Industries Project (DRIP)
2	Objective	Creation of significant number of employment opportunities in rural areas through enhanced credit flow to RNFS with complementary promotional support.
3	Launching of the Programme	16th December 1999
4	Period of Implementation	1999-00 to 2004-05
5	District Covered	Bargarh
6	Sample Size	74
7	Financing Banks	SDCCB, UGB, SBI, Andhra Bank
8	Period of Loans	2001-02 to 2004-05
9	Reference Year of the Study	April 2006 to March 2007

10. Operation Details of Sample Units

Sl. No.	Activity / Rs. in Lakh	Cost of Investment	Bank Loan	Cost of Operation	Gross Proceeds	Net Proceeds	FRR (%)	Mandays Employment
I	Handicrafts	10.00	5.00	13.31	15.66	2.35	33	7015
II	Rice Mills	98.09	56.33	272.73	298.44	25.71	23	11240
III	SRTO	3.11	2.71	1.78	2.52	0.74	17	411
IV	Fabrication Units	4.65	3.39	12.43	15.22	2.79	28	3285
V	Retail Trade	0.75	0.40	0.99	1.78	0.79	> 50	527
VI	Wholesale Trade	12.00	8.06	15.64	18.00	2.36	>50	1825
VII	Service Units							
A	Tailoring Units	0.37	0.33	1.40	2.16	0.76	>50	2555
B	Motor Garage	0.59	0.33	1.07	1.95	0.88	>50	1825
C	Tent House Material Units	0.50	0.25	0.69	1.67	0.98	>50	730
D	Computer / Xerox Units	0.68	0.33	0.68	1.29	0.61	>50	730
E	Hotels	0.45	0.25	2.79	3.60	0.81	>50	1460

11. Promotional Programmes

Sl. No.	Particulars	Details
I	**Sample REDPs**	
a	No. of REDPs	3
b	No. of Trainees	25
c	Activities	Brass and Bell Metal, Tye & Dye and Readymade Garments
d	Average Cost of REDPs (Rs.)	51492
e	Average Incremental Income (Rs.)	75514
f	No. of years skill is to be actively pursued	10
g	ERR	Very High Returns
II	**Rural Haat**	
a	Total Cost (Rs.)	50000
b	Incremental Income (Rs.)	Varying between 5000 to 7321
c	Number of years the infrastructure to be in use	10
d	ERR (%)	10

EXECUTIVE SUMMARY

Since the Non Farm Sector holds the key to the overall economic development of the rural areas in particular and country in general, NABARD has been actively involved in the promotion of the sector. Taking 'District' as the basic unit for planning, District Rural Industries Project (DRIP) has been launched by NABARD since 1993-94 with a view to generate sustainable employment opportunities in rural areas through credit intensification for RNFS with complementary promotional support. The number of districts covered under the project as on 31at March 2007 stood at 106 with credit flow and employment generation for NFS being Rs. 21,063 cr. and 39.55 lakh respectively.

Seven districts of Orissa have been covered under the project so far. DRIP was implemented in Bargarh district in the second phase (1999-00 to 2004-05). As a part of the project, a total of 20 District Level Project Coordination and Guidance Committee (DLPCGC) Meetings, 7 Primary Lending Institution (PLI) Training Programmes, 8 PLI Refresher Programmes, 5 Orientation Meets, 7 Sensitisation Meets, 7 Meets with NGOs and Trade Bodies, 11 NFS Orientation Meets, 9 Gender Sensitisation Meets, 25 Block Level Awareness Meets and 8 Integration Meets were organised in the district. Apart from that, in order to encourage entrepreneurship among the rural youth, grant assistance were extended for the conduct of 8 REDPs and strengthening one Rural Haat in the district.

The present report presents the observations, findings and inferences of the study conducted with the objective to evaluate the impact of District Rural Industries Project (DRIP) on the credit flow for NFS activities, pattern, system and procedure adopted by banks in financing NFS activities, performance of the sample units in terms of adequacy of credit, cost & benefit, employment generation, repayment of loans, etc. Another broad objective of the study was to analyse the impact of the various promotional programmes and training interventions introduced during the implementation of the project.

Sample Design

- The primary data was collected from 74 investors engaged in eight broad group of activities i.e. Handlooms and Handicrafts (16), Agro Based (10), Small Road Transport Operators (5), Fabrication Units (7), Retail Trade Units (12) and Wholesale Trade Units (8) and Service Units (16), financed during 2000-01 to 2004-05 by 10 sample branches. Around 39 per cent of the sample entrepreneurs were financed by DCCB, followed by 32 per cent by 3 sample branches of UGB and 29 per cent by 3 sample branches of commercial banks.

- Interaction was also held with all the project partners such as bankers, Govt. officials, DIC officials, LDM, NGO and REDP trainees so as to know their perceptions about the project in particular and RNFS in general.

- The Rural Haat at Chakerkhendi village which had received an assistance of Rs. 2.00 lakh from NABARD was visited by the study team so as to assess the functioning of the same. Further, interaction was held with around 25 participants who had received training under 3 REDPs conducted during the implementation of DRIP.

Major Findings

A. Credit Flow

- The credit flow to NFS sector in Bargarh district exhibited a Compound Annual Growth Rate (CAGR) of 55 per cent during the period between 2000-01 to 2005-06 and the same for OPS was 38 per cent for the said period. The overall growth of credit in NFS and OPS taken together showed a CAGR of 39 per cent.

- The commercial banks were the dominant agency for the credit disbursement having a growth rate of 59 per cent, followed by 54 per cent for the DCCB and 15 per cent for the UGB during the post DRIP period.

- The targets for set for NFS and OPS activities were achieved from 2003-04 onwards, whereas during 2000-01 and 2001-02 achievement was less than the target.

- In quantum terms, the flow of credit for NFS and OPS in Bargarh was higher than that of the same in Bolangir district. The achievement of credit flow as a percentage of target in Bargarh was higher than that of Bolangir in all the years except 2001-02.

- The credit flow to 12 sub-sectors under DRIP taken together increased from Rs. 1362.76 lakh to Rs. 23,849.90 lakh, indicating a CAGR of 61 per cent. The number of units set up under these sub-sectors increased from 2405 in 1999-00 to 36,535 during 2000-01 to 2005-06, indicating a CAGR of 57 per cent. The employment generation increased from 5488 to 1.90 lakh during the same period, indicating a CAGR of 81 per cent.

- The outstanding advances for NFS activities in sample branches of UGB showed an increasing trend whereas those of DCCB and Commercial banks showed a mixed trend during the period.

- The outstanding advances against women beneficiaries for all branches showed an increasing trend, with SBI and UGB taking lead in extending finance to women SHGs.

B. Operation of Sample Units

- The sample units were a mixture of new and old / renovated / upgraded units with 51 per cent being in the category of former and 49 per cent in the latter. Around 72 per cent of units were owned by the male whereas only 28 per cent was under female ownership.

- The average amount of loan availed by the weavers was Rs. 0.23 lakh and master weaver / tie & Dye makers Rs. 1.38 lakh. The wages of the weavers varied from Rs. 250 to Rs.700 depending on the intricacies of designs. The profit margin of the master weaver was calculated to be 10 per cent whereas that of the retailer was 12 per cent.

- The investment cost of the sample decorative material making units was Rs.10.00 lakh, with bank loan being Rs. 5.00 lakh. The cost of operation of the unit was Rs. 13.31 lakh and the gross and net proceeds were Rs. 15.66 lakh and Rs. 2.34 lakh during the same period. The FRR of the unit being 38 per cent and BCR being greater than 1 made the activity a viable one. The unit generated 7015 mandays of employment per annum.

- The sample rice mills involved an investment cost of Rs. 98.09 lakh and the bank loan amounted to Rs. 56.33 lakh. The cost of operation, gross and net sales proceeds were Rs. 272.73 lakh, Rs. 298.44 lakh and Rs. 25.71 lakh per annum respectively. The FRR of the units was 23 per cent and the BCR was greater than one making the activity a viable one. The sample units generated 11240 mandays of employment per annum

- The average cost of vehicle of the Small Road Transport Operators (SRTO) was Rs. 3.11 lakh, of which 87 per cent was extended as bank loan. The cost of operations per annum was Rs. 1.78 lakh, gross income was Rs. 2.52 lakh and Rs. 0.74 was the net income accruing to the operators. The FRR was 17 per cent and BCR more than 1, making the activity a viable one. The sample units generated 411 mandays of employment per annum.

- The average cost of investment of the sample fabrication units was calculated to be Rs. 4.65 lakh, of which 73 per cent was extended form the banks. The cost of operation, gross and net sales proceeds amounted to Rs. 12.42 lakh, Rs. 15.22 lakh and Rs. 2.77 lakh respectively. The FRR of the activity was

27 per cent and BCR was greater than 1. The sample units generated 3285 mandays of employment per annum.

- The initial investment cost of the retail trade establishment was very low at Rs. 0.75 lakh, of which Rs. 0.40 lakh was availed as bank loan. The cost of operation was Rs. 0.9 lakh per annum, gross sales proceeds of the units was Rs. 1.78 lakh and the net sales proceeds was Rs. 0.79 lakh for the same period. The sample units were generating 527 mandays of employment.

- The wholesale trade establishments on the other hand involved investment cost of Rs. 12.00 lakh and bank loan of Rs. 8.06 lakh. The cost of operation being Rs. 15.64 lakh per annum, the gross sales proceeds was Rs. 18.00 lakh and net sales proceeds was calculated to be Rs. 2.36 lakh. The units generated 1825 mandays of employment per annum.

- Among the service units, the investment cost of Computer / Xerox unit was maximum at Rs. 0.68 lakh, followed by Motor Garages at Rs. 0.59 lakh, Tent House Units at Rs. 0.50 lakh, Hotels at Rs. 0.45 lakh and Tailoring Units at Rs. 0.37 lakh.

- The cost bank loan availed by the sample Tailoring units, Motor Garages and Computer / Xerox units was Rs. 0.33 lakh each and that of Tent House units and Hotels Rs. 0.25 lakh each.

- The cost of operation per annum for sample Hotels was maximum at Rs. 2.79 lakh per annum, followed by Rs. 1.40 lakh for Tailoring units, Rs. 1.07 lakh for Motor Garages, Rs. 0.69 lakh for Tent House units and Rs. 0.68 lakh for Computer / Xerox units.

- The gross sales proceeds per annum for the Hotels was highest at Rs. 3.60 lakh, followed by Rs. 2.16 lakh for Tailoring units, Rs. 1.95 lakh for Motor Garages, Rs. 1.67 lakh for Tent House units and Rs. 1.29 lakh for Computer / Xerox units.

- The net sales proceeds per annum was highest at Rs. 0.98 lakh for the Tent House Units, followed by Rs. 0.88 lakh for Motor Garages, Rs. 0.81 lakh for Hotels and Rs. 0.76 lakh for Tailoring units and Rs. 0.61 lakh for Computer / Xerox units.

- In terms of employment generation, the Tailoring units generated 2555 mandays of employment per annum followed by 1825 for Motor Garages, 1460 for Hotels and 730 each for Tent House units and Computer / Xerox units.

C. Recovery Performance

- The overall recovery performance of various agencies in Bargarh district varied in the range of 40 to 65 per cent. However, none of the sample branches showed any particular trend in the recovery performance during the DRIP period.

- Around 77 per cent of the sample entrepreneurs were categorized as 'Regular' whereas 23 per cent were 'Irregular'.

- The recovery percentage of the sample units in decorative material making activity, agro industries and trade establishments was more than 80 per cent. The same for service units was more than 70 per cent, for SRTO and General Engineering was in the range of 60 to 70 per cent and for the handloom units was very low at around 40 per cent.

D. REDP Trainees

- All the sample REDP trainees of Tie & Dye and Bell and Brass Metal were pursuing the activity as that was the traditional occupation. But only forty per cent of the trainees of Readymade Garments manufacturing were pursuing the activity.

- The average incremental income earned by the trainees was Rs. 760 per month though the actual monthly incremental income varied between Rs. 200 in case of Readymade garments to Rs. 1200 in case of tie and dye trainees.

- The organization of design development REDPs and provision for Common Facility Centres and following a Cluster Approach would go a long way in making the designated activities sustainable in the long run.

E. Rural Haat

- A grant assistance of Rs. 2.00 lakh was extended to GP in Chakerkhend to strengthen the existing haat at Chakerkhend. The infrastructure in the haat included construction of raised platforms for selling the goods, boundary wall, toilets and installation of tubewells. The initiative resulted in increasing the number of vendors by 50 per cent and annual turn over by 53 per cent. It offered better price to the sellers and better quality goods to the buyers.

- Though the Rural Haat was providing improved infrastructure for trading of daily household requirements in the rural areas, a greater involvement on the part of the GP in extending additional facilities would help in providing better, durable and sustainable infrastructure.

F. Other Promotional Initiatives / Training Interventions

- Eventhough a lot of effort was made to promote the schemes like Assistance to Rural Women in Non Farm Development (ARWIND) and Assistance for Marketing of Non Farm Products of Rural Women (MAHIMA) in the district, it was not possible to gat any suitable proposal mainly because of the lack of desirable support from the partner agencies.

- Eventhough no cluster has come up in the district with active support from NABARD, Bargarh district has been included in the Handloom Cluster developed by the Ministry of Textiles, Govt. of India. Similarly, NABARD had extended assistance to BISWA for providing training of 60 Brass and Bell metal workers in three batches of REDPs in Katapalli village. These trainees would be absorbed in the Common Facility Centre (CFC) for the activity being developed in the same village.

- Though the PLI Training Programme had encouraged the participants to finance the non farm sector activities, there was overwhelming demand for the training module having focus on the potential of the district, experience sharing with successful entrepreneurs and officers who had done good work in NFS financing.

Suggestions

- The project was well received by the govt as well as bank officials posted in the district during the time of implementation. But the information on the same could not be disseminated among the officials posted in the district / branches subsequently.

- The programme was referred to as 'NABARD's Programme', with the partner agencies very seldom identifying with it. Regular conduct of State Level Project Coordination and Guidance Committee (SLPCGC) meetings at regular intervals and participation of all the stakeholders in the same would ensure close cooperation from all concerned.

- Instead of having a number of promotional programmes, three to four programmes clubbed under two i.

e. Programme for Project partners and Programme for Entrepreneurs may be developed.

- In order to make the impact of the promotional measures more visible, success stories on various aspects / interventions need to be documented and showcased. It would be a better idea to bring out pamphlets / handouts containing these success stories and distribute the same inside as well as other DRIP districts so as to encourage the NFS financing.

- Since DRIP was envisaged as an evolving model and not a fixed blueprint, there is scope for replication of various initiatives in new DRIP districts also. Again the success of the project to a great extent depends upon the initiatives of the DDM in the district. In this regard, separate training programmes for DDMs of DRIP districts should be organised, wherein, the experience sharing can take place. These types of programmes can also be made an annual affair as each year brings new challenges in the implementation of the programme.

- If the project has to have real impact in other districts, coordination / intervention / involvement of all partner agencies at all levels including that at the highest level is necessary.

CHAPTER - I

INTRODUCTION

Non Farm Sector holds the promise of providing maximum job opportunities and contributing a significant share in the National Gross Domestic Product. The share of services sector has already crossed 50 per cent of the GDP and this momentum in the growth will accelerate in future. Development of this sector is a thrust area for Govt. of India, State Govts. and NABARD.

1.2 NABARD has been actively involved in the promotion of Rural Non Farm Sector to expand the opportunities available to rural entrepreneurs with the objective of generating employment in most cost effective and prudent manner. Apart from providing refinance to the financing banks towards Non Farm activities in rural areas under the Automatic Refinance Scheme, NABARD has been financing worksheds, Promotional Organisations in the decentralized sector and Small Road Transport Operators. Besides, there are schemes for Term Loan Assistance to SSI units, project finance for agro-processing, agro industries, agro engineering, etc. Credit support is also made available to the co-operatives in the form of short-term working capital for financing production and marketing activities of Primary Handloom / Powerloom / Weavers' Cooperative Societies, procurement and marketing of cloth by Apex / Regional Weavers' Cooperative Societies, production and marketing activities of industrial co-operatives, working capital requirements of rural artisans including weaver members of PACs / FSS / LAMPS, procuring and marketing operations of Cottage and SSI Cooperative societies, trading in yarn by apex / regional weavers' societies, medium term credit facilities for purchase of shares in approved co-operative processing societies, etc.

1.3 Since 'District' is the basic unit for planning in the Govt., the linkages and infrastructure can be better ensured if the district as a whole is selected for planning and development. NABARD, as the apex level rural development institution, has taken the lead in this regard and has launched District Rural Industries Project (DRIP) since 1993-94. In the first phase, 5 districts, were selected for this purpose, covering 5 regions of the country on a pilot basis. The programme was expanded to cover 106 districts country-wide by the end of 31st March 2007. Since inception, the GLC flow to the DRIP districts has aggregated Rs. 21,063.10 crore, facilitating the establishment of 17.29 lakh units and generating employment opportunities for 39.55 lakh persons while availing refinance to the extent of Rs. 3239.29 crore.

1.4 The development of RNFS through DRIP has the major objectives of :

- generating employment opportunities on a sustainable basis in the rural areas through credit intensification for RNFS with complementary promotional support.
- Development of RNFS through enhancement of Ground Level Credit in collaboration with project partners viz., State Govt., Banks, NGOs, Voluntary agencies etc.

1.5 The DRIP involves the philosophy of

- **Focussed Attention**

- **Systematic Planning**
- **Participatory Process**
- **Coordinated Efforts**
- **Credit Plus Approach.**

Main Features of the Project

1.6 The salient features envisaged in the District Rural Industries Project (DRIP) are as follow :

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

Components / Strategies of the Project

1.7 The implementation of DRIP involves the following strategies

- Selection of the district with adequate resource potential for NFS activities.
- Conduct of Detailed Potential Survey (DPS) of the District through a professional agency to map the industrial potential, which could be harnessed through credit and promotional support by banks, Govt. departments / other developmental agencies, voluntary agencies and NABARD.
- Based on the DPS, preparation of Action Plan for relevant sectors / areas in the district phased over a period of 5 years with credit support from the banking system and integrated with the relevant linkages and other non financial services provided by other identified agencies.
- Organising Strategy / Start up Meets at State and District level to familiarize Senior Govt. functionaries, bank officials and VAs / NGOs, with the importance of NFS in rural development, concept of DRIP, obtaining their response and perceptions to the programme and secure their

commitment and support.

- Holding of need-based one / two day Sensitisation Meets within the district at different locations for branch managers, district and other functionaries of the State Govt. Departments / Corporations / Agencies concerned, as also the representatives of the NGOs / VAs / DAs working in the area so as to collect valuable feedback and broaden the perceptions of the field level functionaries.

- Conducting Goal Oriented Project Planning (GOPP) Workshop at the District Level to facilitate defining the goals, objectives, expected results, activities to be undertaken under DRIP and also to allocate specific role to the different partners.

- Training of officials of Prime Lending Institutions (PLI) to enable them to cope with the enhanced credit programme envisaged under the project on the basis of the DPS.

- Preparation of DRIP Action Plan and communicating the same to all the banks. Dovetailing the DRIP Action Plan with the Service Area Plans of the banks.

- Adoption of Cluster Approach in lending

- Awareness Creation and Skill Upgradation amongst the entrepreneurs

- Technology upgradation / transfer

- Focus on implementation of Credit linked Promotional Programmes 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

DRIP in Orissa

1.8 DRIP was launched in Orissa on a pilot basis in undivided Ganjam district (which has since been bifurcated into Ganjam and Gajapati) in the first phase, during 1993-94. Subsequently the scheme was introduced in five other districts. Thus as on 31st March 2007, seven districts have been covered under DRIP in the state. The year and phase wise launching of DRIP in Orissa is indicated in Table 1.1.

Table 1.1 : Status of DRIP in Orissa

Sl. No.	District	Phase	Year of Launching
1	Undivided Ganjam	I	1993-94
2	Bargarh	II	1999-00
3	Koraput	III	2001-02
4	Sundargarh	IV	2002-03
5	Puri	V	2003-04

6	Sambalpur	VI	2005-06

1.9 The implementation period of DRIP in Ganjam district got over in the year 1999-2000. The project was launched on 16th December 1999 in Bargarh district and its tenure was completed in the year 2004-05. The Project Coordination and Guidance Committee (PCGC) under the Chairmanship of the Deputy Commissioner and comprising of senior bankers and representatives of Govt. Deptts . / Agencies was constituted to monitor the progress under DRIP. A State Level Review Committee (SLRC) was constituted for monitoring the implementation of the project. NABARD had organised a good number of promotional programmes during the project period. This has resulted in increase in Ground Level Credit (GLC) flow, added to the refinance flow, enhanced the employment opportunities in RNFS in the district. As on 31st March 2006, 1.56 lakh units were already established in the DRIP districts generating employment for 2.86 lakh persons Since the project has completed its tenure, it was considered appropriate to conduct an evaluation study to assess the impact made, document the positive contributory factors so as to take corrective measures needed, if any, to replicate the positive findings / learning points in other DRIP districts.

CHAPTER – II

OBJECTIVES, SAMPLE DESIGN AND METHODOLOGY

The present chapter outlines briefly the objectives of the study, sample design and methodology adopted for arriving at various conclusions.

Objectives of the study

2.2 The major objective of the evaluation study in Bargarh district was to assess impact of both the credit and promotional aspects undertaken as part of DRIP strategy.

The objectives relating to the credit aspects were to assess

- the impact of DRIP on credit flow for NFS and pattern of financing in terms of outreach and credit deepening, activities especially services, adoption of cluster approach, credit flow to women, etc. by comparing the Pre and Post DRIP period.

- the system and procedures followed by banks for financing RNFS activities.

- the performance of sample units in terms of adequacy of credit, costs and benefits, employment generation, repayment of loans, etc

- the role of stakeholders in implementation by comparing the envisaged DRIP plan and the actual role performed especially in creation of physical, human and social capital.

2.3 The objectives relating to the promotional aspects were to assess

- the effectiveness of PLI Training Programmes / Orientation Meets / Gender Sensitisation Programmes for Bankers by comparing the performance of trained and untrained officials in terms of credit flow, activities supported, quality of units, recovery under NFS, etc.

- the performance of District Level PCGC / State Level PCGC in terms of agenda and proceedings of the meetings, attendance, issues slated for discussion, quality of discussion, participation of officials in decision taken and follow up through subsequent meetings.

- the extent to which objective is achieved in terms of success through wage employment / self employment / upgradation of existing unit.

Selection of Investments / Activities and Banks

2.4 Purpose-wise details of refinance disbursed by NABARD during the period from 2001-02 to 2005-06 and the discussion with LDM and DDM, NABARD prompted the study team to select a total of 74 units engaged in seven broad categories of RNFS investments / activities for detailed study. Though attempt was made to select the sample from each broad category in a proportional manner, it was difficult to do so in view of the sporadic nature of financing of NFS units in the district.

2.5 The study team also endeavoured to select the units financed by all the three agencies i.e. Commercial Banks, Sambalpur District Central Cooperative Bank (DCCB) and Utkal Gramya Bank (UGB) engaged in financing the RNFS in the district. The OSCARD Bank and the Orissa State Finance Corporation (OSFC) were not selected as their operations are very nominal in the district. A total of 10 branches i. e. 4 branches of DCCB (Godbhaga, Evening Branch, Attabira and Padampur), 3 branches of UGB (Dang, Attabira and Barpalli), 2 branches of State Bank of India (Barpalli and Commercial Branch) and 1 branch of Andhra Bank (Bargarh) were taken up for the study. The agency-wise and activity-wise number of sample selected is indicated in Table 2.1.

Table 2.1 : Sub-sector-wise Classification of Sample Units

Sl. No.	Activity / Investment	Commercial Banks	DCCB	UGB	Total
1	Handloom and Handicrafts based	4	1	11	16
2	Agro Based	7	2	1	10
3	Small Road Transport Operators (SRTO)	0	5	0	5
4	Fabrication Units	2	3	2	7
5	Retail Trade	1	6	5	12
6	Wholesale Trade	5	0	3	8
7	Service Units	2	12	2	16
	Total	**21 (29)**	**29 (39)**	**24 (32)**	**74 (100)**

Note : Figures in the parentheses indicate percentage to total

2.6 Out of the total 74 units covered under the study, 21 (29 per cent) were financed by commercial banks, 29 (39 per cent) by DCCB and 24 (32 per cent) by UGB. It was practically impossible to cover samples of each activity in a proportional manner as the policy decisions of the banks were different and each of them was putting emphasis on a particular sector / activity. For example, the commercial banks were predominantly financing the Rice Mills. Further, Bargarh being a traditional handloom area, the bankers were coming to the aid of the weavers in one way or other.

2.7 In order to assess the impact of Rural Entrepreneurship Development Programmes (REDPs), around 25 participants trained in the three REDPs conducted by the NGO Bharat Integrated Social Welfare Agency (BISWA) during the implementation of DRIP were contacted. However, it was very difficult to find any bank officer from UGB and the commercial banks who had undergone any of the PLI Training Programmes organsied as part of the project. The staff who had attended the programme were transferred and none of the sample branch managers had attended the programme. Only two CCB officials had undergone the training programme and limited information was available from them. The study team also visited the Rural Haat at Chakerkhendi which had received an assistance of Rs.2.00 lakh from NABARD during the project period.

Project Period and Reference Year

2.8 Though DRIP was launched in Bargarh district in December 1999, the disbursement under the project started from 2000-01 onwards. Considering a brief period for stabilization, the study covered the units financed during 2001-02 to 2005-06. The reference year of the study was April 2006 to March

2007. In order to avoid the problems of fluctuations in different parameters over time, information on the same was obtained from beneficiaries / entrepreneurs for the last 2-3 years. Actual cost of investment was collected at historical prices and updated to reference year prices by using price indices. All the benefits and costs were collected for the reference year.

Data Collection and Analysis

2.9 The study was based on both primary and secondary data. The primary data on specific details like cost involved and benefits accrued from investment, bank loan and other sources of finance were collected through pre drawn questionnaire. Secondary data was collected from bank branches, Lead Bank, DIC Office, Sambalpuri Vastralaya, DDM Office, etc.

2.10 The impact of credit flow to the NFS and the pattern of financing in terms of outreach and credit deepening, credit flow to women were analysed by collecting the requisite information pertaining to the DRIP district and the control district i.e Bolangir in the post DRIP period. The same was also analysed by taking into account the branch related information.

2.11 The actual role of stakeholders in the implementation of the project vis-à-vis their envisaged role was analysed actual role was analysed by interacting with them and understanding their perception about the programme. The interaction with the branch level officials and the beneficiaries helped in understanding the system and procedures adopted by the banks in financing RNFS activities. Detailed information through Structured Questionnaire was collected from the beneficiaries so as to estimate the adequacy of credit, cost & benefits, employment generation, repayment performance, etc.

2.12 The relative success of DRIP in Bargarh was assessed by comparing the credit flow in the control district i.e. Bolangir, which has almost similar agro-climatic conditions to that of Bargarh.

2.13 The impact of the promotional programmes was assessed through interview with the beneficiaries, NGOs and banks, etc. The evaluation of REDPs and Rural Haat was conducted by analyzing the cost and benefits arising out of the intervention.

2.14 The primary and secondary data were tabulated and analysed by using statistical tools such as Simple Average, Weighted Average, Compound Annual Growth Rate. Financial Viability of the investments were analysed in terms of Benefit-Cost Ratio, Net Present Value of Cost and Benefit and Financial Rate of Return, wherever possible. The Return on Investment was calculated by the following formula :

$$\text{RoI} = \frac{\text{Net Benefit + Interest on Capital}}{\text{Total Investment}}$$

2.15 While calculating the mandays employment generation in the sample units, the hired workers employed permanently throughout the year were considered to be employed for 365 days. The mandays employment for casual / temporary worker was calculated on the basis of actual mandays of work.

2.16 Repayment performance of the sample branches was analysed in terms of DCB position and an attempt was made to make a comparison between the repayment position in NFS and Total Priority Sector taken together. Keeping in mind the predominance of the Handloom related activities in the district, a write up was presented about the Sambalpuri Vastralaya, the prominent Primary Weavers' Cooperative Society in the district. A write up about the Rural Haat at Chakerkehndi and three REDPs conducted during the implementation of DRIP were also included to highlight the success of the initiative.

Limitations of the Study

2.17 As with any study of this nature, certain limitations in terms of coverage, data deficiencies etc. are associated with this study also. Some of these include the following :

- LBR data has been taken as base for analysis of credit flow. Any error occurring in reports due to wrong coding, discrepancy in amount etc. has been ignored.

- LBR System, per se, does not give disbursement (under NFS) component-wise (term loan or working capital). There is no other MIS prescribed which can give this data in absence of which it will be difficult to establish volume of fresh bank credit that has gone in a year as the figures include renewal of working capital (cash credit) limits.

CHAPTER - III

DISTRICT PROFILE

The present chapter briefly outlines the profile of Bargarh district covering the physical and socio-economic aspects. A similar profile of the non DRIP (control) district i.e. Bolangir is also given so as to justify the selection.

Bargarh District

3.2 Bargarh is one of the prominent districts situated in the Western part of Orissa. It is located between latitude 20.43’ to 30.20’ North and longitude 82.39’ to 83.58’ East. It came into existence as an independent district since 1st April 1993. It is surrounded by the state of Chhatisgarh in the North; Bolangir and Sonepur districts in the South, Sambalpur district in the East and Nuapada district in the West. The district comprises of nearly 3.75 per cent of the area of the state.

Demography

3.3 With a population of 13.48 lakh as per 2001 Census, Bargarh is the tenth largest populated district in Orissa supporting 3.66 per cent of state population. Rural population constitutes 92 per cent of the total population whereas urban population accounts for only 8 per cent. The Scheduled castes and Schedule Tribes comprise of 19 per cent each of the total population. Main workers constituted around 29 per cent of the total population.

District Administration

3.4 Bargarh district is divided into 2 sub-divisions i.e. Bargarh and Padampur. It comprises of 12 Community Development Blocks namely Ambabhona, Attabira, Bargarh, Barpalli, Bhatli, Bheden, Bijepur, Gaisilet, Jharbandha, Padampur, Paikmal and Sohella. There are 4 towns, 1 Municipality, 2 Notified Area Councils (NACs), 248 Gram Panchayats and 1180 inhabited villages in the district.

Topography & Soil

3.5 Bargarh district is situated within the Western Central Table Land, which is characterized by hot and moist climate and has a rainfall of 1527 mm. The soil of the district comes under the Red and heavy textured variety with a number of erosional plains and river basins which are suitable for agriculture.

Irrigation

3.6 Canals are the main source of irrigation in the district, supplemented by the tubewells. The total irrigated area is 1.35 lakh hectares, which constitutes 39 per cent of the Net Sown Area. The share of the tubewells in the irrigation is increasing with the installation of tubewells because of various initiatives taken up by the Govt.

Agriculture

3.7 Paddy, vegetables, sugarcane, Ground nuts, Chilly & Ginger are the major crops grown in the district. The agriculture support facilities existing in Bargarh district include 20 Seed / fertilizers depots, 38 Rural Market / Mandis, 184 Rural Godowns, and 5 Cold Storages.

Communications

3.8 As per the District Statistical Handbook-2005, the total railway routes in the district amounts to 52.91 km., National Highway No. 6 connecting Mumbai to Kolkata to 98 km., State highways to 142 km, MDR to 113 km, ODR to 135 km, Forest Roads to 231 km, GP Roads to 6560 km, Panchayat Samiti Roads to 1303 km, and Village Roads to 1112 km.

Industries

3.9 Traditionally Bargarh district is famous for handloom fabrics, particularly, Sambalpuri Sarees. The developed nature of the industrial sector in the district led to the establishment of agro-based industries. The district boasts of one Industrial Estate at Bargarh and 12 Development Centres, i.e. one each at every block. Easy availability of water and power due to hydro electric projects at Chipilima, good railway network & transport system, better quality of entrepreneurship, etc were the reasons behind the better development of such industries in the district. There are around 470 Rice Hullers and 98 Rice Mills in the district. Apart from that, there are around 60 Oil Mills and 51 Bakery units in the district.

Banking Network

3.10 The district has a well developed banking network with all three major financing agencies i.e. Co-operatives (Sambalpur District Central Co-operative Bank), Commercial Banks and the Regional Rural Bank (Utkal Gramya Bank) having their branch network. There are 40 branches of the Commercial Banks, 35 branches of the Regional Rural Bank, 16 branches of the Central Cooperative Bank and 2 Cooperative Agriculture and Rural Development Banks, taking the total number of branches to 93 in the district. The average population served per branch stood at 15124. The credit deposit ratio of the district stood at 128 per cent as on 31st March 2006 with the total deposits at Rs.55,479 lakh and the total outstanding at Rs. 69,814 lakh. The share of agricultural advance to total advance was 38 per cent. The overall recovery of bank loan in the district was around 65 per cent as on 30th June 2005.

Bolangir District

3.11 Bolangir district is adjecant to Bargarh district and is surrounded by Sonepur in the North, Boudh in the East, Kalahandi in the South and Bargarh in the West. It occupies 4.22 per cent of the total land area of the state.

Demography

3.12 With a population of 13.37 lakh, Bolangir is the thirteenth largest populated district in Orissa, supporting 3.63 per cent of the population of the state. The rural population constitutes 88 per cent of the population whereas the urban population constitutes only 12 per cent. The scheduled castes constitute nearly 17 per cent of the population whereas Schedule Tribes constitute 21 per cent of the population in the district. Main workers comprised 26 per cent of the total population.

District Administration

3.13 Bolangir district has been divided into fourteen Community Development Blocks i.e. Agalpur, Belpada, Bolangir, Bongamund, Deogaon, Gudbella, Khaprakol, Loisinga, Muribahal, Patnagarh, Puintala, Saintala, Titlagarh, Turekela. It has 1792 inhabited villages, out of which 1496 (83 per cent) are electrified.

Topography & Soil and Irrigation

3.14 Bolangir district also comes under the Central Table Land region having red and heavy textured soil suitable for agriculture. The irrigation facilities created in the district leaves a lot to be desired as only 16 per cent of the Net Sown Area is irrigated. Canals are the main source of irrigation (40 per cent), followed by wells (31 per cent) and Tube Wells (29 per cent).

Agriculture

3.15 Paddy is the major cereal product occupying around 55 per cent of the cultivated area in the district. Other major crops are pulses, oil seeds, cotton during the Kharif season and chilli, garlic and ground nut grown in the Rabi season. There are 95 Seed Depots, 25 Fertiliser and Pesticides Depots each in the district. There is only one Cold Storage in the district.

Industries

3.16 Bolangir is categorized as a backward district and the Govt. of Orissa has taken several initiatives to boost industrial development in the district. Three Industrial Estates, one each in Bolangir, Kantabanjhi and Titlagarh have been established by the State Govt. A number of Small Scale Units covering mainly Textile based, Plastic based and Chemical and allied based have been established in the district.

Banking Network

3.17 There are 36 branches of the commercial banks, 8 branches of the Regional Rural Bank, 22 branches of the Central Cooperative Bank, 3 CARD Banks, besides 105 PACS. The credit deposit ratio of the district at 115 per cent stands favourably compared to the State / National averages.

CHAPTER – IV

IMPLEMENTATION OF DRIP

NABARD plays a crucial role as the initiator / facilitator and also the driving force behind the implementation of DRIP. The intervention made by NABARD covers both the pre launching and post launching stages.

I) Pre - launching stage

4.2 The steps initiated in the pre-launching stage of DRIP include the following :

- Identification of district and seeking concurrence of the State Govt.

- Ensuring Conduct of Detailed Potential Survey (DPS) for mapping out industrial potential block-wise and activity-wise and chalking out DPS action plan with identification of sectors having high, medium, low potential etc.

II) Post - launching stage

4.3 The steps launched in the post-launching stage include the following :

- Multi - partner Project Planning through Goal Oriented Project Planning (GOPP) workshop-to culminate self target action plan with specific output indicators like credit requirements, number of units likely to be set up, employment generation and identification of action areas - fine tuning of DPS Action Plan with consultation of each project partner.

- Organising Strategy / planning Meets at block level through Block Level Awareness Programmes with the objective of creating necessary awareness in field level staff of banks and line deptts. of State Govt. about the project.

- Convening the District level Project Coordination & Guidance Committee (PCGC) meetings at quarterly interval under the chairmanship of the District Collector to coordinate / oversee and guide the project partners to ensure effective implementation.

- Convening the State level Project Coordination & Guidance Committee (PCGC) meetings at half-yearly interval under the chairmanship of the Secretary, Industries Deptt. of State Govt. to coordinate / oversee and guide the project.

4.4 As objective of project viz; credit intensification can not be achieved in absence of a strong, vibrant and responsive credit delivery system, various training / sensitisation programmes are organised for banks, some of which are enumerated below :

- Conduct of Training Programmes for Primary Lending Institutions (PLIs) - a three day programme organised with a view to sensitise and equip filed level bank staff for undertaking financing under NFS - covering various aspects of NFS financing including balance-sheet analysis, ratio analysis, field visits etc.

- Refresher programmes for PLI trainees - to appraise the bank officials with the new developments and reinforce their role in implementation of the project.

- Orientation Meets for banks giving inputs on Non-Farm Sector Development

- Orientation Meet for Senior officers of Banks for sensitising them on DRIP and role expected of them

- Gender Sensitisation Programme for Banks / VAs / NGOs with the objective of increasing credit flow to women

4.5 Similarly, certain other programmes are organised for other project partners;

- Sensitisation Programme for VAs / NGOs for development of NFS

- Awareness meets with VVV clubs/KVKs of the functionaries of Project Partners for creating awareness about the project with a view to involving them in NFS activities

- Meets with NGOs / Trade Bodies

4.6 Realising the fact that all these efforts are directed towards facilitating development of First Generation Entrepreneures (FGEs) leading to setting up of Small and Medium Enterprises (SMEs), certain programmes have been designed for this most important component of the project for guiding them, motivating them and also address their problems of marketing, though in a limited way

- Rural Entrepreneurship Development Programmes (REDP) to develop entrepreneurial and activity-oriented skills among the educated unemployed youth, by assisting VAs / NGOs / DAs, with good track record, for those who are willing to set up small/ micro-enterprises and thus creating sustainable employment opportunities in rural areas

- Assistance to Rural women in Non-Farm Development (ARWIND) to organize rural women into compact groups for training in entrepreneurship, skill upgradation, etc. and enabling them to set up own enterprises individually or in groups with credit and linkages support from banks/ voluntary agencies/ NGOs with grant assistance from NABARD.

- Assistance for marketing of Non-Farm products of Rural women (MAHIMA) to create a "niche" or "pro-women" market NABARD has introduced an exclusive scheme titled "MAHIMA" for extending credit and credit linked promotional assistance to agencies dealing with marketing of NFS products of rural women.

- Cluster Development Programme to develop at least one cluster in each DRIP district amongst the clusters identified in the DPS so as to avail sustainable competitive advantage through technology upgradation / transfer, market support, raw material access, skill upgradation, managerial inputs, credit support, etc.

- Product Development workshops (PDW) to develop a cluster / product identified in the DPS through common understanding among various partners agencies about the problems / constraints faced by artisans and to chalk out a time bound mutually acceptable action for development of a particular product.

- Integration meets as a follow-up of PDW, to discuss and monitor the role and responsibility assigned to each partner agency under PDW

- Buyer / Seller Meet / Exhibitions

- Rural Haat Scheme under which assistance is provided to Panchayats / PACS for setting up of a Rural Haat for facilitating the sale / purchase of rural farm / non-farm produce / products with a Grant Assistance / Soft Loan.

4.7 The very purpose of listing these programmes here is to describe the chronology of events and vast horizon of possible interventions under DRIP through assistance of NABARD. The impact of these interventions determines the impact of DRIP or otherwise. The implementation of promotional and other programmes in Bargarh district alongwith a brief analysis of impact of each of them is analysed in subsequent paragraphs.

4.8 Bargarh district was covered in the second phase of the implementation of District Rural Industries Project (DRIP) in the year 1999. The district was selected to be covered under the project after consultation with the State Govt. The Govt. of Orissa suggested to launch DRIP in Baragrh district as part of the development of Western Orissa, which lagged behind despite having a good potential.

District Potential Survey (DPS)

4.9 Prior to the introduction of DRIP, the District Potential Survey (DPS) was conducted by National Bank Staff College (NBSC) in coordination with the Bankers' Institute for Rural Development (BIRD) and Department of Non Farm Sector, NABARD, Head Office, Mumbai. Assistance was also taken from the NGO, Manav Adhikar Seva Samiti (MASS) for collecting the field level information on various aspects of the survey. The main purpose of the survey was to assess the status of the Rural Non Farm Sector in the district and identify the growth potentials so as to harness them for future development. The survey identified the Handloom / Handicrafts, Transportation and Paddy Processing as the major thrust areas. But no specific year-wise target was fixed for the activities / sectors in the DPS.

4.10 The process of implementation of DRIP was initiated with the organization of One Day Sensitisation / Orientation Meet for Govt. officials and bankers to explain the concept, philosophy, main features, strategies of DRIP and make them aware about their role in it.

DRIP was formally launched on 16th December 1999 by the Revenue Development Commissioner, Sambalpur circle. The Collector, Bargarh was the Guest of Honour. The ceremony was attended by around 54 participants comprising of district level officials/ bankers/NGOs and was well documented in the local and national dailies. Subsequently, three Block Level Awareness Programmes and NFS

Orientation Meets each were held to sensitise the bankers / officials / NGOs at the block level about the objectives, methodology and implementation of DRIP. The year concluded with the holding of a Meet with NGOs and Trade Bodies wherein the concerned agencies were encouraged to play a desirable role in process of development.

4.11 The interventions under DRIP picked up since 2000-01 and a total of 26 programmes were conducted during the year 2000-01. The most important of them was the organization of Goal Oriented Project Planning (GOPP) in June 2000. In the subsequent years also a number of interventions were undertaken. The programme-wise details are analysed in subsequent paragraphs. The year-wise list of programme is indicated in Annexure – IV.

I. Goal Oriented Project Planning (GOPP) Workshop

4.12 GOPP is a specific tool which helps in creating awareness and mobilizing opinion of all the stakeholders to create a conducive atmosphere for the identification of potential rural activities as also steps required to be initiated by them in the district. The workshop was conducted in Bargarh during 20th to 24th June 2000, in which 19 participants drawn from Banks, DIC, State Govt. Line Departments and KVIC and NGOs had participated. The workshop was conducted with assistance from two Faculty members from Regional Training Centre (RTC), Bolpur. The expenses for the conduct of GOPP was Rs. 0.92 lakh. The participants enlisted the potential activities in the district and visited the units engaged in those activities. On the basis of the field level information, a strategic operational plan for four years, with 2000-01 as the first year was prepared. The potential activities identified are indicated in the Table 4.1.

Table 4.1 : Potential Activities identified in GOPP Workshop

Category	Nature	Activities
A	Minimum effort but high impact	Handloom, Textile Design, Tie & Dye, Fabrication units, Trade & Small Business, Leaf Plate making, Automobile Workshop, Brick Manufacturing, SRTO, Tent House
B	Moderate effort and high impact	Rice Huller, Tile Manufacturing, Stone Crusher, Dairy, Oil Expeller
C	Maximum effort and high impact	Candle making, Dairy & Poultry, Agarbatti making, Terracota, Modern Rice mills, Agro Service Industries

The GOPP workshop also fixed the category-wise targets for four years i.e. 2000-01 to 2003-04 and the same is indicated in Table 4.2.

Table 4.2 : Category-wise targets for 2000-01 to 2003-04

Category	GLC Flow (Rs. Lakh)	No. of Units	Employment Generation (No)
A	424.14	686	1960
B	140.42	29	318
C	522.20	33	373
Total	**1086.76**	**748**	**2657**

The GOPP workshop thus had provided a broad yardstick for establishment of units, credit flow and employment generation in the district during the implementation of DRIP.

II. State Level Project Co-ordination and Guidance Committee

4.13 DRIP being a participatory project, the success of the same depends upon the co-ordinated effort of all the project partners. The State Level Review Committee (SLRC) to monitor / guide the implementation of DRIP in Bargarh district was constituted in June 2000 under the Chairmanship of the Development Commissioner and Principal Secretary (Industry Deptt.), Secretary (Agriculture), Special Secretary (Industry), Director (Institutional Finance), Additional Secretary (Industry) as members. The Collector, Bargarh was also an invitee in the meetings. Though the SLRC was supposed to meet at half yearly intervals, the meetings were seldom conducted regularly. The first SLRC meet was held on 13th March 2001, nearly nine months after the constitution of the committee. The meeting laid emphasis on setting up institutions in the line of Maharashtra Industrial and Technical Consultancy (MITCON) in Orissa to provide vocational and other training and related services including market intelligence to prospective entrepreneurs.

4.14 A Workshop to deliberate on various aspects of DRIP being implemented in four districts i.e. Bargarh, Koraput, Sundargarh and Puri was held in the year 2003. The meet reviewed the progress of NFS in all the four DRIP districts in the state and discussed the strategy to bring about the desired results. Apart from that no such state level Review Meet was held. This puts a question mark on the monitoring aspect of the project at the state level and also the awareness about the project at the broad forum.

III. District Level Project Co-ordination and Guidance Committee (DLPCGC)

4.15 In order to review the progress of DRIP on a more regular basis, a District Level Project Co-ordination and Guidance Committee (PCGC) was constituted w.e..f. 1st January 2000, with the District Collector as Chairman and AGM (DD), NABARD as Convenor. The other members of the committee included Additional District Magistrate, GM (DIC), Project Director (DRDA), representatives from KVIC, Deputy RCS, LDM (SBI), LDO (RBI), Secretary (DCCB), Chairman (RRB), Assistant Director (Textiles), MD (Samabalpuri Vastralaya), GM (Milk Union), representatives from the NGO (MASS).

4.16 The first meeting of the PCGC was held in August 2000 and subsequent meetings were held at quarterly intervals for most part of the project implementation period. The year-wise conduct of the meetings alongwith the expenditure made for them is indicated in Table 4.3.

Table 4.3 : Year-wise PCGC Meetings

Particulars / Year	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	Total
No. of Meetings	0	4	4	4	4	2	2	20
Expenses Incurred (Rs.)	0	5666	8894	13595	7512	4330	6368	46365

The PCGC meetings were invariably chaired by the District Collector and in his absence by the Additional District Collector. The meetings started with review of Action Points of the previous meetings and then moved over to the discussion on achievement of Ground Level Credit Flow vis-à-vis the target. The progress of the SHG linkage, other promotional programmes, the new initiatives like Rural Haat, Women development Cell, etc were discussed in the meetings.

4.17 The meetings were on the whole effective, as the DC / ADC made it a point to attend the same and gave their opinion / took active interest in several issues which ensured cooperation from the Govt. officials. Eventhough the general feeling was to consider DRIP as a programme of NABARD, the response / participation from the partner agencies was quite satisfactory with around 17 to 20 participants attending each of these meetings. The total expenses incurred for the conduct of the meetings, as indicated by the records of DDM, was around Rs. 0.46 lakh.

V. Primary Lending Institutions (PLI) Training Programmes

4.18 The PLI Training Programmes are conducted in the DRIP districts for the officials of the PLIs with a view to sensitise them and improve the capacity of the branch level officials to undertake the financing of the NFS activities. The faculty support is usually provided by the Training Establishments of NABARD, depending upon the proximity to the district. During the 1st year of implementation, around 3 to 4 programmes were expected to be held followed by at least 2 programmes in the second and third year. In addition, a few Refresher Programmes were supposed to be conducted from third year onwards so as to appraise the bank officials with the new developments and reinforce their role in the implementation of the project. The year-wise PLI Training Programmes and the one-day Refresher Programmes is indicated in the Table 4.4.

Table 4.4 : Details of PLI Training / Refresher Programmes

Sl. No.	Particulars / Year	2000-01	2001-02	2002-03	2003-04	2004-05	Total
1	**PLI Training Programmes**						
i	No. of Programmes	3	2	2	0	0	7
ii	No. of Participants	45	34	43	0	0	122
2	**PLI Refresher Programme**						
i	No. of Programmes	0	3	3	1	1	8
ii	No. of Participants	0	38	47	23	23	131
3	Total Expenses Incurred (Rs.)	90593	93940	69900	10715	15352	280500

4.19 The participants in the PLI training / Refresher programmes were drawn from all the four banking agencies operating in the district (Commercial Banks, DCCBs, RRB and CARD Bank). For some training programmes, however, the officials of the Orissa State Finance Corporation (OSFC) were also invited. The percentage of participation from DCCB, RRB, Commercial Banks, OSFC and CARD Bank were 38, 32, 27, 2 and 1 respectively. An amount of approximately Rs. 2.81 lakh was spent on these programmes.

4.20 The usual pattern of conducting the PLI Training Programmes is analysed in subsequent paragraphs.

Day – 1

The training pogrammes were usually inaugurated by a high level official from District Administration / RBI / NABARD / Senior Banker. The deliberations / discussions started with the importance of RNFS, concept of DRIP, the role of other partners in the implementation of DRIP. The next point in the agenda usually focused on the discussion on the District Potential Survey, GOPP, details of the initiatives in the potential activities.

Day – 2

- In the first session on the second day, the participants were taught / explained about the analysis of the Financial Statements and the assessment of working capital requirements through Case Studies given to them.

- The field visit to certain NFS units were also undertaken so as to give the participants a practical idea about the assessment of working and block capital requirements.

- The participants were given a thorough briefing about the promotional and refinance schemes of NABARD and also the SHG and Gender issues.

- They were also given an opportunity to interact with Govt. Agencies / Senior Bankers / successful entrepreneurs and encouraged to dovetail the DRIP Action Plan with the Service Area Plan.

4.21 However, the study team could come across only 2 PLI trainees of Sambalpur DCCB during the course of field visit. The concerned officials could not recollect much about the course content and topics discussed in those programmes. They vaguely remembered about attending the programme.

4.22 The officials of the Commercial Banks were transferred from the branches and it was not possible to identify the PLI trainees. Eventhough, 32 per cent of the participants / trainees were from the Utkal Gramya Bank, no one in any of the three sample branches had received the training. It was not possible to contact any of the trainees as no such information was available with the Area office at Bargarh. Three SBI sponsored RRBs i.e. Kalahandi Anchalik Gramya Bank (KAGB), Koraput Anchalik Gramya Bank (KPGB) and Bolangir Anchalik Gramya Bank (BAGB) were amalgamated and renamed as Utakal Gramya Bank (UGB) w.e.f. 31st July 2006. The UGB has a network of 321 branches covering 15 districts which includes Bargarh also. The transfer of officers among different districts was another reason for which it was not possible to locate the PLI trainees during the field visit.

4.23 However, the feedback reports collected from the participants immediately after the completion of the programmes were looked into by the study team. The perusal of the same revealed that majority of participants had opined that the programme succeeded in achieving the objectives, given them an opportunity to utilize the techniques in their work.

4.24 The practical difficulty that the bankers had to face about the PLI training programmes was the non availability of adequate trainees. The shortage of staff, particularly in the Commercial Banks after the introduction of VRS scheme and also the posting of one branch manager and one clerk cum cashier in most of rural branches had discouraged them to depute officers for two / three days training programmes. For this reason, the banks had given more importance to the Refresher programmes as they were one day programmes and the course content covered all the banking aspects in a condensed form.

VI. Orientation / Sensitisation Meets for Senior Officers of Banks, Govt. Functionaries,

4.25 The Sensitisation meets for the senior officers of banks / voluntary agencies were conducted so as to familiarize them about the essence of DRIP and the means to achieve the goals set under the same. These meetings were attended by senior officers from all the banks operating in the district and were held at least once in a year. Table 4.5 gives the year-wise details of the meetings conducted during the implementation of DRIP.

Table 4.5 : Year-wise details of One Day Orientation Meets conducted during DRIP

Particulars / Year	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	Total
No. of Meets	1	1	1	1	1	0	5
No. of Participants	24	27	16	24	38	0	129
Expenditure Incurred (Rs.)	4127	4586	3788	3500	3552	0	19553

A total of 5 Orientation Meets were held during the implementation of DRIP which was attended by 129 participants and the total expenses incurred for organizing these meets amounted to Rs. 0.19 lakh.

VII. Sensitisation Meets for Banks / VAs / NGOs

4.26 Since the success of DRIP depends on the effort from all the partner agencies, prominent of whom were the NGOs and Voluntary Agencies, several sensitization programmes were organised for them during the DRIP period. The details of the same are indicated in Table 4.6.

Table 4.6 : Year-wise details of Sensitisation Meets for VAs / NGOs

Particulars	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	Total
No. of Programmes	0	2	2	2	1	0	7
No. of Participants	0	66	51	14	42		173
Expenses Incurred (Rs.)	0	8903	6042	4175	5883	0	25003

Seven Sensitisation / Orientation Meets were held during the implementation of DRIP in the district. The meets were attended by around 173 participants and approximately Rs. 0.25 lakh were spent in conducting the programmes.

VIII. Planning Workshop

4.27 Ideally, Planning Workshop should have been held during the month of November-December before the preparation of Service Area Plans (SAPs). The representatives of all project partners participate to chalk out the DRIP Action Plan to be implemented by all agencies in a coordinated manner so as to avoid overlapping the same in the Service Area Plans. However, the first Planning Workshop was held in the month of February 2001 and was attended by 26 bankers. After that no specific Planning Workshop was held during the period of implementation of the project. The discussions about the targets were held during the sensitization meets with the banks and the PCGC meetings. The abolition of Service Area concept of the commercial banks was one of the reasons for not holding separate planning workshops.

IX. Meet with NGOs and Trade Bodies

4.28 These meets were organised to bring together the NGOs and Trade Bodies so as to facilitate the marketing of various products. The year-wise details of the meets conducted is indicated in Table 4.6.

Table 4.6 : Meet with NGOs and Trade Bodies

Particulars	2000-01	2001-02	2002-03	2003-04	2004-05	Total
No. of Programmes	2	1	1	1	2	7
No. of Participants	59	36	37	34	62	228
Expenses Incurred (Rs.)	7553	2432	4130	4562	7500	26177

A total of 7 such meetings were held during the implementation of DRIP and the meetings were related to handlooms and handicrafts products. The weaving, tie and dye work, bell metal works were showcased during these meetings. Around 228 participants had attended those meets and approximately Rs. 0.26 lakh was spent for the conduct of the meets.

X. Product Development Workshops (PDWs)

4.29 The Product Development Workshops (PDWs) were organised so as to train / enrich the artisans / craftsmen / handloom weavers on the latest developments in the design of the product. The details of the PDWs are indicated in table 4.7.

Table 4.7 ; Year-wise details of Product Development Workshops

Particulars	2000-01	2001-02	2002-03	2003-04	2004-05	Total
No. of PDWs	2	2	1	1	0	6
No. of Participants	63	113	119	7	0	302
Expenses Incurred (Rs.)	1964	1870	2766	5067	0	11667

Since Bargarh has traditionally been the stronghold of the handlooms related activities, the PDWs were held in the activities like tie and dye, design development. The master craftsmen taught the participants on product as well as marketing avenues.

XI. NFS Orientation Meets

4.30 NFS Orientation Meets were held so as to orient the bankers and other functionaries about the importance / relevance of the NFS financing in rural areas. The meets encouraged the bank officials to look for more avenues in non farm sector. The year-wise details of the NFS Orientation Meets conducted in Bargarh district during the implementation of DRIP is indicated in Table 4.8.

Table 4.8 : Year-wise details of NFS Orientation Meets

Particulars	**1999-00**	**2000-01**	**2001-02**	**2002-03**	**2003-04**	**2004-05**	**Total**
No. of Meets	3	2	2	2	1	1	11
No. of Participants	67	66	88	147	49	43	460
Expenses Incurred (Rs.)	9988	8895	9884	16099	5882	5992	56740

The Meets were held at the block level and were attended by govt. functionaries, bankers, representatives of NGOs, etc. A total of 11 NFS Orientation Meets were held during the implementation of DRIP by incurring an expense of Rs. 0.57 lakh and the same was attended by 460 participants

XII. Gender Sensitisation Meets

4.31 The basic aim of conducting the Gender Sensitisation Meets was to impress upon the bankers about lending to the women. Eventhough, with the advent of SHG-Bank Linkage Programme, the ladies groups have become more active, such types of meets are essential to wipe out the prejudices, if any, against lending to the ladies. The year-wise details of the Gender Sensitisation Meets conducted during the DRIP period is given in Table 4.9.

Table 4.9 : Year-wise details of Gender Sensitisation Meets

Particulars	**1999-00**	**2000-01**	**2001-02**	**2002-03**	**2003-04**	**2004-05**	**Total**
No. of Meets	0	2	2	2	1	2	9
No. of Participants	0	59	81	110	46	82	378
Expenses Incurred (Rs.)	0	10465	9884	NA	5800	11821	

The programmes changed the mindset of the bankers towards financing the ladies and at the sametime encouraged the women SHG members to come forward for bank loan. A total of 9 such meets were conducted during the period of the project and attended by 378 participants.

XIII. Block Level Awareness Meets (BLAM)

4.32 The Block Level Awareness Meets (BLAM) were organised to sensitise the block level bank officials / VAs / NGOs about the essence of DRIP and make them aware about the latest developments in NFS financing. The idea was to conduct at least one such meet in each block in a year. The year-wise details of the meets conducted during the DRIP period in Bargarh district is indicated in Table 4.10.

Table 4.10 : Year-wise details of Block Level Awareness Meets

Particulars	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	Total
No. of Meets	3	5	5	10	5	0	28
No. of Participants	51	87	78	307	70	0	593
Expenses Incurred (Rs.)	1539	2465	3199	24512	4377	0	36092

Though, it was not possible to organize the meets in each block in a year, a total of 28 such meets were organised during the implementation of DRIP. A total of 593 participants had attended the meets and an amount of Rs. 0.36 lakh was incurred for organising the same.

XIV. Integration Meets

4.33 The Integration Meets were held in association with NGOs to discuss the agency-wise plans, prepare time bound action plan, remove the irritants, etc. The year-wise details of the Integration Meets conducted during the DRIP period is indicated in Table 4.11.

Table 4.11 : Year-wise details of Integration Meets

Particulars	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	Total
No. of Meets	0	2	3	3	0	0	8
No. of Participants	0	18	29	21	0	0	68
Expenses Incurred (Rs.)	0	1416	1400	1071	0	0	3897

The Integration Meets were held on Tie & Dye and Brass and Bell Metal only, around 68 participants had attended the same and an expense of Rs. 0.04 lakh was incurred for the same.

XV. Rural Entrepreneurship Development Programme (REDP)

4.34 The Rural Entrepreneurship Development Programme (REDP) is one of the major promotional programmes supported by NABARD for diversification of village industries so as to create employment opportunities in a cost effective manner for the benefit of the educated unemployed youth. Since the last 14 years, NABARD has been supporting selected VAs / NGOs / RUDSETI type institutions to implement REDPs. The details of REDP sanctioned / conducted during the DRIP period in Bargarh district is presented in table 4.12.

Table 4.12 : Details of REDPs conducted during DRIP

Sl. No.	Name of REDP	No. of Progs.	No. of Trainees	Name of the NGO	Year of Sanction	Amount Sanctioned (Rs.)	Amount Disbursed (Rs.)
1	Handloom	2	60	MASS	2000	106000	96000

					2002		
2	Tie & Dye	2	60	MASS	2003 2004	124000	84000
3	Weaving	1	30	BISWA	2004	39500	39500
3	Readymade Garments	1	20	BISWA	2003	58000	58000
4	Brass & Bell Metal	1	20	BISWA	2003	38000	38000
5	Tie & Dye	1	20	BISWA	2005	42000	42000
	Total	**8**	**210**			**407500**	**357500**

4.35 The NGO i.e. Manav Adhikar Seva Samiti (MASS) having its Head Office at Sambalpur was one of the prominent partner agencies in the initial years of implementation of DRIP in the district. The first REDP in the district was sanctioned to MASS during the year 1999-2000, the first year in which DRIP was launched. The REDP on Handloom was conducted for 30 male trainees and the whole process took more than one year for completion. The second REDP included 30 female weavers and the process was completed within four months. The agency was awarded two more REDPs on Tie & Dye in the year 2004. Both the programmes were sanctioned in January 2004 and were completed in March 2004. However, a matter of concern was the fact that the agency had availed only 78 per cent of the sanctioned amount for conducting the training. Since then MASS has not been awarded any REDP in the district.

4.36 One REDP each on Readymade Garments, Weaving, Tie & Dye and Brass and Bell Metal were awarded to BISWA, a prominent NGO having its Head Office at Sambalpur and operating throughout Orissa.

XVI. Rural Haat

4.37 With an objective to provide better infrastructure for marketing of daily use household items, financial assistance of Rs. 2.00 lakh was extended by NABARD for the Rural Haat at Chakerkhendi village, around 15 km. from Bargarh district Headquarters. The haat was formally inaugurated in the year 2003-04 and since then has been catering to the needs of population of around 35 villages.

4.38 Thus, a number of initiatives were introduced in Bargarh district during the implementation of the DRIP. A total expenditure of more than Rs. 6.00 lakh was incurred for various promotional programmes during the period of implementation of the project. All these programmes taken together had reinforced the commitment of the bankers to finance the Rural Non Farm Sector, encouraged the youth to take up income generating activities, develop the existing skill and inculcate new skill in the traditional activities pursued by the people.

CHAPTER - V

CREDIT FLOW TO RURAL NON- FARM SECTOR

The primary objective of DRIP is to develop the Rural Non-Farm Sector through credit intensification, leading to creation of sustainable employment opportunities. An attempt has been made in the present chapter to analyse the impact of DRIP in Bargarh district by comparing the pre and post DRIP scenario in terms of flow of credit for Rural Non Farm Sector, number of units established and employment generated. The progress of the non farm sector in terms of Ground Level Credit (GLC) Flow was also compared with that of non DRIP (control) district (Bolangir).

Credit Flow

A. Bargarh District

5.2 The overall GLC flow (NFS+OPS) in Bargarh during the period of implementation of DRIP is indicated in the Table 5.1. The OPS in this case includes advances / flow of credit for activities such as Rural Housing, Consumer Advances, Staff Loans.

Table 5.1 : GLC flow for NFS and OPS in Bargarh

Sl. No.	Year	NFS (Rs. in Lakh)	OPS (Rs. in Lakh)	Total (NFS+OPS) (Rs. in Lakh)	Per Capita Credit Disbursed for NFS & OPS (Rs.)
1	2000-01	822.76 (76)	3125.74 (276)	3948.50 (178)	293
2	2001-02	284.84 (19)	2169.74 (519)	2454.58 (84)	182
3	2002-03	702.47 (99)	1927.47 (83)	2629.94 (87)	195
4	2003-04	1593.78 (246)	4689.80 (284)	6283.58 (276)	465
5	2004-05	2526.03 (290)	4734.37 (209)	7260.40 (231)	539
6	2005-06	1350.66 (102)	4721.55 (181)	6072.21 (154)	451

Source : Various Issues of State Focus Paper of Orissa
Figures in the parentheses indicate percentage of achievement to the target

In quantum terms, the GLC flow for NFS and OPS in Bargarh district had exhibited a mixed trend during the period of implementation of DRIP. The flow of credit for these activities showed a declining trend in the year 2001-02, after which it has shown a continuous increase. There was a sudden jump in the credit flow for NFS and OPS during the year 2003-04, which may be attributed to the increase in awareness among the bankers about the NFS financing, a part of which may be due to the initiatives taken under DRIP..

B. Bolangir District

5.3 Bolangir district was chosen as the control district, keeping in mind the fact that both the districts were similar to each other in terms of physical characteristics and level of development. The GLC flow in Bolangir district is indicated in Table 5.2.

Table 5.2 : GLC Flow for NFS and OPS in Bolangir District

Sl. No.	Year	NFS (Rs. in Lakh)	OPS (Rs. in Lakh)	Total (NFS+OPS) (Rs. in Lakh)	Per Capita Credit Disbursed for NFS & OPS (Rs.)
1	2000-01	619.52 (110)	1076.56 (97)	1696.08 (101)	127
2	2001-02	514.27 (77)	1288.08 (113)	1802.35 (98)	135
3	2002-03	414.30 (45)	1814.02 (83)	2228.32 (72)	167
4	2003-04	1632.86 (188)	5729.40 (307)	7362.26 (266)	551
5	2004-05	643.67 (70)	3162.57 (155)	3806.24 (129)	285
6	2005-06	1215.61 (129)	2737.75 (108)	3953.36 (113)	296

Source : Various Issues of State Focus Paper of Orissa
Figures in the parentheses indicate percentage of achievement to the target

The GLC flow for NFS and OPS activities in Bolangir district has shown an uninterrupted upward trend from 2000-01 to 2003-04, after which it had declined during the year 2004-05, gradually picking up during 2005-06.

5.4 An insight into the credit flow for NFS and OPS activities in Bargarh and Bolangir district reveals the following :

- The year-wise credit flow in quantum terms was higher in Bargarh in comparison Bolangir.
- The per capita flow of credit for NFS and OPS activities have also been higher in Bargarh district in all the six years except 2003-04.
- The performance of achievement as a percentage of target was higher in Bargarh district for all the six years except 2001-02 where overall achievement as a percentage of target was 84 per cent as against 98 per cent in Bolangir.

All these factors puts Bargarh district at a higher level in terms of NFS and OPS financing, indicating positive impact of DRIP.

Agency-wise Ground Level Credit Flow in Bargarh district

5.5 The share of different agencies in the overall GLC flow for NFS and OPS in Bragrh district is indicated in Table 5.3.

Table 5.3 ; Agency-wise Credit Flow for NFS and OPS in Bargarh District

(Amount in Rs. in Lakh)

Sl. No.	Agency / Year	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	CAGR
A	Non Farm Sector							
i	CBs	254.82	262.21	323.59	995.97	2174.63	1068.48	67

ii	SCB	484.48	0	341.11	439.71	5.31	24.36	18
iii	SCARDB	0	0	0	0.45	0	0	0
iv	RRBs	83.46	22.63	37.77	126.18	346.09	257.82	48
v	Others	0	0	0	31.47	0	0	0
	Sub-total	**822.76**	**284.84**	**702.47**	**1593.78**	**2526.03**	**1350.66**	**44**
B	**Other Priority Sector**							
i	CBs	765.62	1459.16	1052.39	3128.57	2423.83	2493.73	57
ii	SCB	1968.75	257.24	105.19	667.2	673	844.11	15
iii	SCARDB	0	0	0	0	0	0	0
iv	RRBs	391.37	453.34	769.89	894.04	1628.96	1383.71	55
v	Others	0	0	0	0	0	0	0
	Sub-total	**3125.74**	**2169.74**	**1927.47**	**4689.81**	**4725.79**	**4721.55**	**38**
C.	**NFS + OPS**							
i	CBs	1020.44	1721.37	1375.98	4125.54	4598.46	3562.21	59
ii	SCB	2453.23	257.24	446.30	1106.91	678.31	868.47	15
iii	SCARDB	0.00	0	0.00	0.45	0.0.00	0.00	0
iv	RRBs	475.97	475.97	807.66	1020.22	1975.05	1641.53	54
v	Others	0.00	0.00	0.00	1.97	0.00	0	0
	Total NFS + OPS	**3948.50**	**2454.58**	**2629.94**	**6254.09**	**7251.82**	**6072.21**	**39**

Source : Various Issues of State Focus Paper of Orissa

The Table 5.3 indicates the following points :

- In absolute terms, the credit disbursed for NFS and OPS in Bargarh district has reflected substantial increase in the post DRIP period. The CAGR in NFS sector was higher at 44 per cent as against 38 per cent in the OPS. The CAGR in both the sector taken together was 39 per cent during the same period.

- The CAGR in Commercial Banks has exhibited maximum increase followed by RRB and then SCB. The other two agencies i.e. SCADB and Others have a very little presence in the credit flow in the district. The CARD Bank i.e. long term cooperative credit delivery agency in the state has almost no role to play in financing the Non Farm sector.

5.6 The analysis of the share of different agencies in the credit flow will throw more light on the financing pattern of Non Farm sector in the district. The same is indicated in Table 5.4..

Table 5.4.: Share of different Agencies in GLC Flow in Bargarh District

(in % age terms)

Sl. No.	Agency / Year	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	Cum. Share
I	**NFS**							
A	CBs	31	92	46	62	86	79	70
B	SCB	59	0	49	28	< 1	2	18
C	SCADB	0	0	0	< 1	0	0	< 1
D	RRB	10	8	5	8	14	19	12
E	Others	0	0	0	2	0	0	< 1

	Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**
II	**OPS**							
A	CBs	24	67	55	67	51	53	53
B	SCB	63	12	5	14	14	19	21
C	SCADB	0	0	0	0	0	0	0
D	RRB	13	21	40	19	34	29	26
E	Others	0	0	0	0	0	0	0
	Total							**100**
III	**NFS+OPS**							
A	CBs	25	70	52	66	63	59	57
B	SCB	62	11	17	18	9	14	20
C	SCADB	0	0	0	< 1	0	0	< 1
D	RRB	13	19	31	16	27	27	22
E	Others	0	0	0	< 1	< 1	0	< 1
	Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Source : State Focus Paper of Orissa : Various Issues

The Table 5.4-indicates the following points :

- The commercial banks were the major agencies purveying around 70 per cent and 53 per cent of the GLC flow for NFS and OPS respectively. The share of both the sectors taken together was 57 per cent of the credit flow in the district.

- The Utkal Gramya Bank (erstwhile Bolangir Anachalik Gramya Bank) was the second important agency accounting for almost 12 per cent of the credit flow in NFS and 26 per cent of credit flow in OPS and 22 per cent of the overall credit flow for this NFS and OPS.

- The State Cooperative Bank through the Sambalpur District Central Cooperative Bank was another dominant agency in the credit flow in the district during the period. The share of the same in NFS was 18 per cent and in OPS was 21 per cent and the overall share was 20 per cent.

- The others as indicated in Table 5.4 includes Orissa State Finance Corporation (OSFC) which at less than 1 per cent accounted for marginal share in the credit flow for NFS and OPS.

Sub sector-wise Analysis of GLC flow in Bargarh District

5.7 Since the major objective of the DRIP was to generate employment opportunities on a sustainable basis in the rural areas through credit intensification for RNFS with complementary promotional support, the impact of the project could be analysed by taking into consideration the number of units set up, employment generated and credit flow in both Pre and Post DRIP period in Bargarh district.

The activities under DRIP were divided broadly into twelve broad categories which included the following :

- Handloom / Powerloom
- Tiny Industries

- Village Industries
- Rural Artisans
- Small Scale Industries
- NFS (Miscellaneous)
- Small Road Transport Operators (SRTO)
- Professional and Self Employed
- Others (Retail Trade and Small Business)
- NFS (Industry, Services and Business of SGSY)
- PMRY
- SHG Linkage

5.8 The details of the sub-sector-wise credit disbursed, units set up and employment generated in the pre DRIP period (1999-00) and the Post-DRIP period (2000-01 to 2005-06) is indicated Annexure – 4.1. A comparison of the Pre-DRIP and Post-DRIP period of GLC flow, number of units set up and employment generated is indicated in Table 5.5.

Table 5.5 : GLC Flow, Number of Units Set Up and Employment Generated in Pre and Post DRIP Period

(Amount in Rs. Lakh)

Sl. No.	Activity	GLC Flow			Units Set Up			Employment Generated		
		1999-00	2000-01 to 2005-06	CAGR	1999-00	2000-01 to 2005-06	CAGR	1999-00	2000-01 to 2005-06	CAGR
1	Handloom / Powerloom	31.32 (2.30)	672.92 (2.72)	67	297 (12.35)	1061 (2.90)	24	297 (5.44)	2178 (1.14)	39
2	Tiny Industries	0.69 (0.05)	94.39 (0.40)	127	8 (0.33)	2608 (7.14)	162	8 (0.15)	2640 (1.39)	163
3	Village Industries	0.96 (0.07)	215.99 (0.91)	147	11 (0.46)	675 (1.85)	99	11 (0.20)	1033 (0.54)	113
4	Rural Artisans	1.15 (0.08)	152.76 (0.64)	126	18 (0.75)	425 (1.16)	69	18 (0.33)	452 (0.24)	71
5	Small Scale Industries	746.34 (54.77)	4692.51 (19.68)	36	70 (2.91)	1051 (2.88)	57	2176 (39.87)	9220 (4.86)	27
6	NFS (Misc)	9.22 (0.68)	6448.23 (27.04)	198	66 (2.74)	9902 (27.10)	131	66 (1.21)	11251 (5.93)	135
7	SRTO	67.52 (4.96)	763.13 (3.20)	50	35 (1.46)	504 (1.38)	56	71 (1.30)	1400 (0.74)	64
8	Professional & Self Employed	33.00 (2.42)	359.77 (1.51)	49	106 (4.41)	1386 (3.79)	53	126 (2.31)	2354 (1.24)	63
9	Others (RTSB)	439.33 (32.24)	7529.61 (30.44)	60	1633 (67.90)	8795 (24.07)	32	1633 (29.92)	47380 (24.90)	75
10	NFS (ISB of SGSY)	6.66 (0.49)	368.70 (1.55)	95	37 (1.54)	1112 (3.04)	76	37 (0.68)	5815 (3.06)	128
11	PMRY	24.08 (1.77)	597.91 (2.51)	71	43 (1.79)	359 (0.98)	42	43 (0.79)	511 (0.27)	51
12	SHG Linkage	2.43 (0.18)	2224.01 (9.33)	212	81 (3.37)	8657 (23.70)	118	972 (17.81)	106020 (55.73)	119
	Total	**1362.76 (100.00)**	**23849.90 (100.00)**	**61**	**2405 (100.00)**	**36535 (100.00)**	**57**	**5488 (100.00)**	**190254 (100.00)**	**81**

Note : Figures in the parentheses indicate percentage to Total

The Table 5.5 indicates the following points :

i. Handloom / Powerloom Sector

5.9 The handloom / powerloom sector has shown a declining trend during the post DRIP era in terms of physical flow of credit. The share of the sector in the credit disbursement has been steady at around 2.5 to 2.7 per cent of the total disbursement throughout the period. This reflects the reservation on the part of the handloom weavers to approach the banks for loans and also the bank officials to advance loans to the sector. The CAGR in the sector was around 67 per cent.

ii. Tiny Industries

5.10 There has been substantial increase in the number of units established under the Tiny Industries. The share of the sub-sector in the overall credit flow however has remained less than 1 per cent in both the period. But in terms of units set up and employment generated, the increase has been quite higher at 7 per cent. The CAGR in the sector in terms of credit flow, units set up and employment generated was 127, 162 and 163 respectively.

iii. Village Industries

5.12 Though the share of Village Industries had remained less than 1 per cent of the total flow of credit declined during the first year of implementation of DRIP, the CAGR for the credit flow and employment generated in the sub sector was more than 100 per cent

iv. Rural Artisans

5.12 The share of Rural Artisans in the overall credit flow, units set and employment generated has remained around 1 per cent. The CAGR for the credit flow was more than 120 per cent whereas CAGR for the units set up and employment generated was around 70 per cent.

v. SSI (Other than above)

5.13 This sub-sector is most dominant in terms of credit flow and the employment generation. In the Pre-DRIP period, the sub sector was accounting for 55 per cent of credit flow and 40 per cent of employment generation. But in subsequent years, it accounted for around 20 per cent of credit flow and 5 per cent of the employment generated. The CAGR for the sector in terms of units set up, credit flow and employment generated was also quite low at 36, 57 and 27 per cent respectively.

vi. NFS Misc.

5.14 This sub sector covers a wide range of activities and accounts for maximum share in the credit flow, units set up and employment generated in the Post DRIP period. The CAGR of the sub sector was more than 100 per cent for all the three parameters.

vii. SRTO

5.15 The share of SRTO in the overall credit flow in the district during the Pre and Post DRIP period varied around 4 to 5 per cent and the share of the same in number of units and employment generation was around 1 to 2 per cent. The CAGR for credit flow, number of units set up and employment generated varied in the range of 50 to 65 per cent.

viii. Professional and Self Employed

5.16 This sub sector is mainly concerned with providing self employment to the professionally qualified people. The share of the Professional and Self Employed in the overall credit flow, units set up and employment generation has shown a declining trend in the post DRIP period. The CAGR for the same was in the range of 45 to 65 per cent.

ix. Retail Trade / Small Business (RT / SB)

5.17 Credit flow to this sector leads to sustainable employment generation in rural areas. The same was in the range of 30 to 32 per cent of the overall credit flow. Its share in the number of units set up and employment generated has shown a declining trend during the same period. The CAGR of the credit flow, number of units set up and employment generated was 6, 32 and 75 per cent respectively.

X. SHG Linkage

5.18 The sub sector which has exhibited maximum growth in terms of credit flow, units set up and employment generated was SHG Linkage programme, having a share of 9 per cent, 24 per cent and 56 per cent respectively. The CAGR for these three parameters were 212 per cent, 118 per cent and 119 per cent respectively.

5.19 The total NFS and OPS comprise of all these sub sectors and the credit flow for these sub-sectors has shown a CAGR of 61 per cent in the Post DRIP period. The CAGR of units set up and employment generated has shown CAGR of 57 per cent and 81 per cent respectively. The overall position of RNFS reflects a healthy trend, a certain part of which may be attributed to the positive impact of DRIP in the district.

5.20 From above paragraphs it may be concluded that DRIP has been able to positively influence the flow of credit to certain key sub sectors such as handloom / powerloom, village industries, SSI, RT / SB, Professional and Self employed.

5.21 Summing up, the overall scenario that emerges after analysing the trends is that DRIP has managed to cast a very positive impact on credit planning process which in turn has resulted in credit intensification under RNFS and more importantly, led to shift in favour of credit flow to certain key sub-sectors as mentioned above.

CHAPTER – VI

PROFILE OF SAMPLE BRANCHES AND UNITS

The present chapter analyses briefly the profile of the sample branches and the sample units covered under the study.

Profile of the Sample Branches

6.2 A total of 10 sample branches consisting of 3 branches of each Commercial Banks (2 branches of State Bank of India and 1 branch of Andhra Bank) and Utkal Gramya Bank (UGB) and 4 branches of Sambalpur District Central Cooperative Bank (SDCCB) were taken up for detailed study. Table 6.1 indicates the outstanding advances for NFS during the period of implementation of DRIP. For the sake of analytical convenience, the branches of CCB, UGB and SBI have been grouped into one head as per the agency.

Table 6.1 : Outstanding Advances for NFS in Sample Branches during DRIP period

(Rs. in Lakh)

Sl. No.	Name of the Bank / as on 31st	2000	2001	2002	2003	2004	2005	2006
1	SBI	4440.50	4334.46	4881.31	4270.02	6028.77	7836.30	5814.24
2	Andhra Bank	384.39	401.24	410.84	447.42	395.44	513.10	1264.24
3	CCBs	1449.57	1424.91	1399.07	1346.29	1229.78	1199.89	1303.62
4	UGB	30.20	104.36	125.03	251.89	565.48	1147.71	1485.58
	Total	**6304.66**	**6264.97**	**6816.25**	**6315.62**	**8219.47**	**10697.00**	**9867.68**

The Table 5.1 reveals the following points :

- Two branches of SBI i.e. Barpalli and Commercial Brach were covered under the sample. The outstanding advances of these two branches were quite large as the Commercial branch catered mainly to the commercial establishments in the district and the Barpalli being a developed block in the district was industrially advanced. The outstanding advances of Andhra Bank has shown an increasing trend throughout the DRIP period except in the year 2004-05.

- The outstanding advances for the NFS activities in the sample CCB branches have shown a declining trend throughout the DRIP period, except in the year 2005-06. One of the main reasons behind this was moratorium on the CCBs to finance NFS activities involving loan amount of above Rs. 10 lakh since 1996-97. The unplanned / unrestricted / unmonitored NFS financing during the early part of 1990s by the DCCB had resulted in accumulation of bad debt, for which, the DCCB had adopted a cautious approach towards financing of NFS activities. After the introduction of the Swarojgar Credit Card (SCC), the DCCB was financing the NFS activities mainly through them.

- The outstanding advances for NFS in UGB has shown an uninterrupted increase throughout the

DRIP period. This reiterates the fact that the presence of RRBs in the rural areas can not be marginalized.

Financing of Women

6.3 One important aim of DRIP was to enhance credit flow to the women entrepreneurs. The performance of the sample branches about the same is reflected in the advances outstanding against the women account in as indicated in Table 6.2.

Table 6.2 : Advance Outstanding in Women Account in the Sample Branches

(Rs. in Lakh)

Sl. No.	Bank / As on 31st March	2000	2001	2002	2003	2004	2005	2006
1	SBI	90.34	103.37	111.95	142.49	202.37	289.50	361.11
2	Andhra Bank	173.61	174.09	203.86	222.15	189.26	180.89	184.68
3	CCBs	122.35	201.48	208.45	228.22	219.86	214.88	224.53
4	UGB	1.35	29.62	47.80	66.26	82.23	93.12	106.24
	Total	**387.65**	**508.56**	**572.06**	**659.12**	**693.72**	**778.39**	**876.56**

The advance outstanding to the women beneficiaries has shown an uninterrupted increase during the DRIP period in case of SBI and UGB. In case of DCCB and Andhra Bank, it has shown a fluctuating trend. The outstanding advances for all the sample branches taken together for NFS activities has shown an increasing trend throughout the DRIP period. This corroborates the fact that the initiatives taken under DRIP to certain extent has encouraged the women approach the banks for loans and at the same time banks to change their attitude towards financing women.

Financing of SHGs by Sample Branches

6.4 The sample branches were active in financing the women SHGs and the same had gained momentum since the year 2002-03 as indicated in Table 6.3.

Table 6.3: Advance Outstanding for Women SHGs of Sample Branches

(Rs. in Lakh)

Sl. No.	Branch / Year	2002-03	2003-04	2004-05	2005-06
1	SBI	21.01	39.15	45.02	50.72
2	Andhra Bank	24.38	21.83	21.64	23.55
3	DCCB	8.13	10.26	44.28	66.15
4	UGB	3.67	5.32	28.46	50.17
	Total	**57.19**	**76.56**	**139.40**	**190.59**

The Barpalli branch of SBI was more actively involved in the financing of the women SHGs as can be observed from the increasing outstanding advances for the activity. The commercial branch of SBI had not financed any SHG as it catered mainly to the small and medium scale industries in and around Bargarh town.. Andhra Bank has reflected a mixed trend whereas in case of DCCB and UGB, the outstanding advances have shown an increasing trend.

6.5 The data presented in the earlier paragraphs have established the fact that there has been a marked improvement in the NFS financing as well as financing of women beneficiaries during the DRIP period. The subsequent paragraphs throw light on the systems and procedures adopted by the sample banks in financing the NFS activities.

A. Identification of Borrowers and Loan Procedures

6.6 The identification of borrowers having genuine interest in the activity is of utmost importance for the success of the unit as well as the repayment of loans. The sample branches were using their own method for identifying the same. The UGB manager / field staff were depending upon the views / opinion of the reliable customers in selecting the borrowers. The DCCB branches were financing majority of activities under the umbrella of Swarojgar Credit Card (SCC). The SCC had given a better scope to the UGB and DCCB to extend finance for the NFS activities. The field staff of the commercial banks were taking active interest in identifying the prospective borrowers and the managers were relying on the same. Moreover, the safe policy for the commercial banks was to extend Cash Credit limit to the already established / well run units. The term loan was usually extended for renovation / modernization / upgradation of the existing well managed units. The term loans for the new units were extended very cautiously by the commercial banks.

6.7 In almost all the sample cases, the branch managers had interaction with the beneficiaries before sanctioning the loans. The discussions centred around the feedback about the present occupation / activities, nature of future activities, surplus to be generated, experience of the promoters, securities to be given, etc. The Commercial banks invariably asked for the Project Report as a part of their policy decision whereas no such project report was sought from the SCC beneficiaries in case of UGB and DCCB.

6.8 The technical appraisal of the project, if necessary, was conducted by the Technical staff in case of commercial banks. The technical cell at Local Head Office of SBI was doing the appraisal of the projects. But in case of UGB, in the event of absence of technical staff, help was taken from the Industrial Promotion Officer of KVIB for appraising the project, in case the unit involved the subsidy. No technical appraisal was conducted for the projects / small units having investment cost upto Rs. 0.50 lakh.

6.9 After detailed scrutiny of the proposals, the banks issued the loan applications and advised the desired beneficiaries to submit the relevant / requisite documents alongwith duly filled application forms. The eligible loan amount depending upon the nature of activity, security offered, etc. were arrived at by the banks and the same was sanctioned by the competent authority.

Sanctioning Power

6.10 The sanctioning power of the sample branch managers varied as per the policy decision of the corporate office of each and every bank. The branch managers of DCCB were having no sanctioning power for NFS loans as there was a cap on the advances involving above Rs.10 lakh and the loans within the limit was also sanctioned at the Head Office level. The managers were however given power to sanction loans under SCC. The UGB and commercial banks on the other hand had fixed the sanctioning power on the basis of the scale of the branch manager. The sanctioning power of sample branches varied in the range of Rs. 5 lakh to Rs. 50 lakh.

Margin Money and Security

6.11 Eventhough, there was no hard and fast rule about the margin money requirement for the activities, the bankers usually kept a margin money of 25 per cent on the loan for high value projects. For the loans upto Rs. 0.50 lakh, the banks were not keeping any collateral security but were taking hypothecation against stocks. For loans above Rs. 0.50 lakh, the banks were taking collateral securities, the value of which was usually in the range of 120 per cent to 150 per cent of the loan amount.

6.12 Though there was no fixed percentage of division of loan into building and machinery, the usual practice followed by the banks was to sanction 40 per cent for former and 60 per cent for latter. The term loans / block capital were granted on installment basis whereas the cash credit / working capital was given on revolving basis. The bankers had invariably shown dilligence in sanctioning the second installment of the term loans. They had also monitored the assets of projects and after being satisfied with the progress of the same had released the second installment.

6.13 The rate of interest charged by different banks varied on the basis of quantum of loans in the range of 12 to 15 per cent. The repayment period similarly varied on the basis of the nature of activities in the range of five to seven years.

Profile of the Sample Beneficiaries

6.14 A total of 74 beneficiaries engaged in seven broad categories of activities were contacted by the study team. The age and gender profile of the sample beneficiaries is indicated in Table 6.4.

Table 6.4 : Age and gender Profile of the Sample Beneficiaries

Sl. No.	Activities / Age (in years)	Upto 30	31-40	41-50	> 50	Total	Male	Female
1	Handloom / Handicrafts Based	1	7	6	2	16	6	10
2	Agro Based	3	1	4	2	10	10	0
3	SRTO	2	3	0	0	5	5	0
4	Fabrication	1	3	2	1	7	5	2
5	Retail Trade	4	5	3	0	12	9	3
6	Wholesale Trade	2	3	1	1	8	6	2
7	Service Units	4	6	4	2	16	12	4
	Total	**17 (23)**	**28 (38)**	**20 (27)**	**9 (12)**	**74 (100)**	**53 (72)**	**21 (28)**

Note : Figures in the brackets indicate percentage to total

The sample beneficiaries covered under the study were relatively younger as nearly 38 per cent of them were in the age group of 31- 40 years, 23 per cent upto 30 years and 27 per cent in the age group of 41-50 years. Only 12 per cent were above 50 years of age. As far as the gender-wise distribution of sample is concerned, around 72 per cent of the beneficiaries were male and only 28 pre cent were female engaged in mainly handloom weaving / trading activities. The service units like tailoring and the retail trade like shops were managed by the women whereas the fabrication units were in the name of the women, but the actual work was managed by the menfolk.

Educational Status and Experience of the Beneficiaries

6.15 Since some of the activities covered under the sample like Handlooms / Handicrafts were purely traditional, the educational and technical background were not a pre-requisite for the success of the same. The work experience played a major role in the success of these activities. The educational status and work experience of the sample beneficiaries is indicated in Table 6.5.

Table 6.5 : Educational Status and Work Experience of Sample Beneficiaries

Sl. No	Activities	Education				Experience	
		Illeterate	**Upto 10th**	**10^{th} to Graduate**	**Technical Qualification**	**Family Occupation**	**Work Experience**
1	Handloom / Handicrafts Based	2	14	0	0	14	2
2	Agro Based	0	2	4	4	7	3
3	SRTO	0	5	0	0	0	5
4	Fabrication	0	2	5	0	0	7
5	Retail Trade	0	8	4	0	3	9
6	Wholesale Trade	0	3	5	0	2	6
7	Service Units	0	10	6	0	6	10
	Total	**2 (3)**	**44 (59)**	**24 (32)**	**4 (5)**	**32 (43)**	**42 (57)**

Note : Figures in the brackets indicate percentage to the total

6.16 Nearly 59 per cent of the sample beneficiaries were educated upto 10^{th} class, followed by 32 per cent from 10^{th} to graduation level. Nearly 5 per cent of the sample beneficiaries were having technical education. Four rice mill owners were having MBA degree. The two illiterate beneficiaries were engaged in Handloom weaving activities. Nearly 43 per cent of the sample beneficiaries had learnt the activities as those were the family occupations. The skills of traditional activities like handloom and handicrafts weaving were passed down from generation to generation. The rice mills were also the family occupations. Nearly 57 per cent of the sample beneficiaries however learnt the activities through experience. The beneficiaries initially worked in the units and subsequently established independent units. None of the beneficiaries had received any training on the activity. These beneficiaries however did not include the REDP beneficiaries. None of the 74 sample beneficiaries had obtained training under REDP.

Reasons for choosing the Activity

6.17 The major reasons for the pursuance of the activities by the sample beneficiaries included tradition, demonstration effect, scope of the activity in the area, etc. The handloom related activities were pursued as they were the traditional activities of the families. The rice mills owners / their family members were involved in the activity for a long time. The retail trade and small business were taken up, keeping in mind the local demand. The demonstration effect prompted the establishment of fabrication units. Further, self employment and local demand were the motives for establishing the service units.

Status of the sample units

6.18 The sample units comprised of a blend of old and new units as indicated in Table 6.6.

Table 6.6 : Status of Sample Units

Sl. No.	Activities	New	Old	Total
1	Handloom / Handicrafts Based	4 (33)	12 (67)	16 (100)
2	Agro Based	5 (50)	5 (50)	10 (100)
3	SRTO	5 (100)	0 (0)	5 (100)
4	Fabrication	3 (43)	4 (57)	7 (100)
5	Retail Trade	8 (67)	4 (33)	12 (100)
6	Wholesale Trade	4 (50)	4 (50)	8 (100)
7	Service Units	9 (56)	7 (44)	16 (100)
	Total	**39 (51)**	**36 (49)**	**74 (100)**

Note : Figures in the parantheses indicate percentage to the total

The sample units included around 51 per cent of new and 49 per cent of old units. The activity-wise break up however reveals different proportion of old and new units.

☐ 6.19 Nearly two third of the units engaged in handloom and handicrafts activities, more than half of the fabrication units and half of the agro based and retail trade units were old units obtaining bank finance for expansion / modernization / renovation / upgradation. On the other hand all the SRTO units and more than half of Service Units were new .

CHAPTER – VII

OPERATIONS OF SAMPLE UNITS

The NFS units are usually characterized by the lack of uniformity in capital investment, level of technology used, labour employed, length of operating cycle, variations in markets, etc. Due to this reason, it is very difficult to apply a standard pattern of analysis to all the activities. Further, the sample units comprised of both the new and old units for which the ascertainment of the actual investment cost becomes tricky. In view of the diversity of the activities, a sub-sector-wise analysis of the sample units has been attempted in the present chapter.

I. Handlooms and Handicrafts

A. Handloom Sector

7.2 Orissa has one of the richest traditions of handlooms and handicrafts which goes back to the 6^{th} century B.C. The weaving of cotton yarn, tassar and fibres from stem of lotus have always been the forte of the weavers of Orissa. Nearly 50 per cent of the weaver population of the state belongs to Western Orissa. The tie & Dye technique, popularly known as IKAT are spread allover the state though the major areas are Bolangir-Sonepur-Bargarh-Sambalpur belt.

7.3 The establishment of Sambalpuri Vastralaya in 1954 to bring the weavers into the cooperative fold was a milestone in the weaving sector of the region. The establishment of office of Assistant Director of Textiles at Bargarh in 1962 was another major step to promote handloom sector in the district. The establishment of Orissa Weavers' Cooperative Spinning Mill at Bargarh in 1971 was another important development in the handloom sector in the district.

7.4 The handloom sector involves a number of key players

Master Weavers – These weavers weave themselves and also provide raw materials as well as buy back the finished products from other weavers. They provide the colour combination, technical guidance, graph as per design and also the accessories to the weavers. They in turn sell their products to Weavers' Cooperative Societies, Showrooms and wholesale traders.

Weavers – The weavers are of various categories of which Kultis and Bhulias are more prominent. They weave the clothes as per specification given by the Master Weavers and sell them back to the latter.

Tie and Dye Makers – The tie and Dye makers are basically the artisans who do the designated work and sell them to weavers / master weavers. They are actually the weavers who have developed this technique so as to get some extra income.

Traders – The traders purchase the fabrics from the village weavers and sell them at Bargarh / state / National level.

Suppliers of inputs – A number of suppliers sell the threads and other related inputs / raw materials like dobby / charkah / natei to the weavers at the village level.

The process of weaving involves a number of activities like warping, sizing, winding, dyeing, preparation of bandha, etc.

Warping – The process of preparation of yarn from hank form to make warp is called warping. The hank yarn are first transferred to a traditional winding device called natai and it is wound around the warping frame. The non weaving members of the family, normally the ladies, do this.

Tie and Dye – Preparation of Bandha – It is the most crucial aspect wherein the whole yarn is straightened by the help of a wooden frame called 'kamada'. The ends are set separately in portions known as 'ganthis'. The ganthis are tied as per design and whole of tied and untied yarn known as 'chanda' are dipped into coloured water. The colour penetrates into the untied portion. Subsequently, coloured portions are tied and previously tied portions are untied to dye with different colours as per the design. Such process is repeated till the chanda gets its bandha design. After the dying is completed, the chanda is completely dried, all tied portions are untied and straightened to make it ready for weaving.

Weft yarns are tied and dyed to facilitate prominent border wherein the hank yarn are transformed to natai then wounded on a device known as 'badhipura' as per the width of the material to be woven.

Sizing- Sizing is done to straighten the warp yarn and make it little stiff so as to withstand the beating of the reed during the weaving process by using rice preparation called mund in local language. This is done in an open space or on the courtyard of the house.

The process of passing the warp yarn through the heald of the loom as per the design is known as drafting. This helps to keep the warp yarn in parallel form over the width of the loom and locating a broken yarn during the process of weaving.

The warp yarns are passed through healds and reeds. The warp threads are to be joined with old warp threads with local method of twisting by hand. Sometimes in order to put extra warps in the border to weave a design, an attachment called dobby is fitted to the loom. This helps in changing the design of the border as well as increasing the productivity.

After completion of all the above processs, the actual weaving starts. This is done usually by the skilled labour of the house. The looms are the traditional pit looms with throw / fly shuttle technique.

Analysis of Production cycle

7.5 Normally two sarees (a total of 11 meters) are woven in a single production cycle. Eventhough both the fine and coarse varieties were woven in the district, the sample weavers were weaving the fine variety only. The production cycle of the same is indicated in the Table 7.1.

Table 7.1 : Production Cycle of Handloom

Sl. No.	Process	Weaving of Fine Cotton Saree (2 pieces)
i	Warping	1 day (8-10 hrs)

ii	Preparation of Tie & Dye (2 persons)	2 days
iii	Winding	1 day (by female & children)
iv	Sizing	4-5 hrs (usually done by female & children)
v	Preparation of Looms	3-4 hrs
vi	Weaving	5 days
	Total	10 days

The raw materials used in the production process are the mercerized cotton yarn (2/80' to 2/120's) and dye stuffs.

Cost of Production of the Saree (per piece)

7.6 The cost of production of the saree included various items like cost of raw materials, wages, preparation of bandha, etc. The same is indicated in Table 7.2.

Table 7.2 : Cost of Production of Handloom Saree

Sl. No.	Particulars	Amount (in Rs.)
A	Raw Materials	
i	Cost of Cotton Yarn	220
ii	Preparation of Bandha	75
iii	Cost of Dyeing	40
iv	Total Cost of Raw Materials	335
B	Over Head Cost per Saree	5
C	Wage per Saree	425
D	Prime Cost per Saree	765
E	Sell Price to Master Craftsmen / Traders / Market	842
F	Sell Price at Retail Outlet	951

The cost of raw materials constituted around 44 per cent of the prime cost of saree whereas wages constituted nearly 56 per cent of the same. There was however wide variations in the wages depending upon the intricacy of the design. The wages actually varied from Rs. 250 to Rs. 700 per saree. The sell price also varied in similar proportion from Rs. 720 to Rs. 1550.

7.7 The value addition as a percentage of cost is indicated in Table 7.3.

Table – 7.3 : Value addition in Handloom Weaving

Sl. No.	Prime Cost	%
A	Direct Raw Material	29
B	Tie-Dye Charges	5
C	Processing and Overhead Charges	10
D	Wages	56
Prime Cost		100
Profit margin of Master Weavers / PWCS		10
Profit margin of Retailers		12

Weaving is a traditional occupation of the people and the whole family in one way or other was engaged in the activity. The weavers could weave around 6 sarees in a month and the average amount of wage earned out of the weaving was around Rs. 2550 per month. Since this was the family occupation, the male folk were engaged in some other related activities like trading of sarees in the villages / supplying them to the market, preparing tie and dye materials, etc. The income earned from all these activities was helping the families to make both their ends meet.

Bank Loan, Capital Adequacy and Net Income

7.8 The average bank loan availed by the sample weavers (10) engaged in mainly weaving and limited trading activity was Rs. 0.23 lakh. Those weavers had obtained Artisan Credit Card (ACC), which included Rs. 0.15 lakh as the block capital and Rs.0.08 lakh as the working capital. The ratio of block and working capital turned out to be 65 : 35. The block capital was used to make improvement over the existing tools and equipments so as to facilitate the weaving of new designs and patterns. The improvements resulted in reducing the damage due to breakage of thread and also led to faster weaving. The use of better tie & dye material helped in producing better quality sarees so as to withstand competition in the national market.

7.9 The master weavers / traders (5) had availed the bank loan of Rs. 1.88 lakh. Out of the same, Rs. 0.50 lakh was taken as block capital and remaining Rs. 1.38 lakh was availed as working capital. The amount was utilized mainly for buying the raw materials and tools used for weaving. The master weavers / traders had given job contract to around 45 to 50 weavers and were earning a margin of around 12 per cent in their sell to the retail outlets.

Employment Generation in the Handloom Sector

7.10 The handloom sector is typically an unorganised sector where it is very difficult to arrive at the income stream, profitability, etc. It is an activity in which the whole family is involved and the actual production cycle sometimes does not hold good. The family members in their leisure time weave the sarees / dress materials / bedspreads, etc. so as to finish the same within the least possible time and go over to another one. The study team could find school going children weaving these items during their free time. The intricate patterns are usually woven by the experienced people whereas the simple weaving were carried out by the less experienced ones. Further, the weavers were themselves traders as they go to the nearest market place / haat to sell the sarees. All these features taken together make the sector a complex one. One important aspect of the employment generation in the handloom sector was the fact that no hired labour was employed in the sector. All the works were managed by the family labour.

Problems in Handloom Sector

7.11 The handloom sector in Bargarh district had to encounter a number of problems pertaining to production, design, technology and finance related problems in the district.

- In the production front, the use of traditional loom of fly and shuttle nature had made the weaving process slow.

- In the design front, the hand painted designs had limitations in comparison to the computer generated designs.

- Similarly, in the technology front, the tie and dye method had some problems for colour combinations.

- In the finance front, the weavers were engaged in three forums i.e. individual weaver under master weavers, traders and SHGs / Cooperatives. The individual weavers availed credit through Artisan Credit Card (ACC) and Swarojgar Credit Card (SCC). They also purchased yarn from the traders at a higher price which adversely affected their earnings.

- The sales were mostly on credit basis for which the master weaver had to wait for around 2 – 3 months to get the proceeds depending upon the season. Payments were made usually during the harvesting season whereas the purchase was done during the festivals.

- Every Friday a cloth market is held alongwith the general haat near Balijhari village, about 12 km from Bargarh. The market starts at 4 am and winds up by 1 pm. The haat provides a common platform to the weavers, master weavers, traders, dye and chemical equipment suppliers, etc. for trading in handloom related items. The business men and weavers from various districts of Orissa and nearby districts of Madhya Pradesh and Chhatisgarh come to the haat. The business turnover in the peak season per day amounts to Rs. 1 crore. Though the haat provides money to the weavers for meeting their immediate needs, it has several drawbacks like undersale due to abundant supply, lack of encouragement for skill upgradation due to medium quality fabrics woven by non-traditional and semi-skilled weavers, etc.

Handloom Cluster at Bargarh

7.12 Keeping in mind the problems faced by the handloom sector and also its socio-economic importance in the district, office of Development Commissioner for Handlooms, Ministry of Textiles, Govt. of India has introduced the Integrated Handloom Cluster Development Programme in Bargrh district since 2005-06. The basic objective of the programme is to bring about maximum coverage of handloom weavers in an efficient and effective manner in the district so as to enable them to meet the challenges in a sustainable and self reliant manner. Bargarh is one of the two districts in Orissa (other one being Sonepur) and 20 districts at all India level to be chosen for the handloom cluster. An amount of Rs. 2 crore was sanctioned for the development of each of these clusters. The programme is being implemented for a period of four years with the Development Commissioner (DC) Handlooms as the nodal agency responsible for holding and disbursement of funds and the overall monitoring of the programme. The Implementing Agencies of the programme are Central and State Govt, semi-Govt. institutions, NABARD, National Handloom Development Corporation and the some prominent NGOs. The programme is expected to bring a turnaround in the handloom sector of the district.

B. Decorative Material Manufacturing Unit

7.13 The sample handicrafts unit included one decorative material manufacturing unit. Various decorative items given as a part of tent house material such as side walls, curtains, overhead used in decorating venue of marriage and other functions were manufactured by the unit. The unit purchased the cloth material from places within as well as outside Orissa . The cost of investment and the capital adequacy of the unit is indicated in the Table 7.4.

Table 7.4 : Operations of the Decorative Material Manufacturing Unit

Sl. No	Particualrs	Amount (Rs. in Lakh)
I	Investment Cost	
1	Workshed –cum-Store	1.50 (19)
2	Sewing machines, Interlocking machines, etc.	0.50 (6)
3	Material Stock	6.00 (75)
4	Total Investment	8.00 (100)
II	Bank Loan	
1	Block Capital	0.00
2	Working Capital	5.00
3	Total Bank Loan	5.00
III	Own Fund	3.00

7.14 As indicated in Table 7.4, the investment cost of the decorative material making unit included cost of workshed cum store at Rs. 1.50 lakh (19 per cent), machines and equipments like sewing machine, interlocking machines, etc at Rs. 0.50 lakh (6 per cent) and the material for preparing the decorative material at Rs.8.00 lakh (75 per cent). The total investment of the unit amounted to Rs. 10.00 lakh, of which only 63 per cent i.e. Rs. 5.00 lakh was availed as bank loan. The bank loan was taken by the entrepreneur for meeting the requirement for the material needed for the preparation of the decorative items. The bank loan could meet the working capital requirement for three months. The remaining 37 per cent was contributed by the entrepreneur out of his own resources.

Cost of operation, Gross and Net Income

7.15 The operating cost alongwith Gross and Net Income of the sample unit is indicated in Table 7.5. The same included the items such as cost of material, remuneration for the staff, marketing cost, interest on working capital, depreciation, etc.

Table 7.5 : Operating Expenses, Gross and Net Income

Sl. No	Particulars	Amount (Rs. in Lakh)
I	Operating Expenses	
1	Cloth and other decorative Material	8.000 (60)
2	Salary of Staff	3.552 (27)
3	Marketing / Transportation	0.600 (5)
4	Interest on Working Capital	0.600 (5)
5	Electricity	0.060 (<1)
6	Depreciation of Stock, Building & Machinery @ 5 %	0.450 (3)
7	Total Operating Expenses	13.312 (100)
II	Gross Income	15.661
III	Net Income	2.349
IV	Net Income per Month	0.196

7.16 The major items of recurring expenditure included the cost of material (60 per cent), salary for the staff (26 per cent), marketing and interest on working capital (5 per cent each), depreciation of building, machinery and stock @ 5 per cent (3 per cent). The total recurring cost was calculated to be Rs. 13.312 lakh per annum.

7.17 The gross income of the sample unit arose out of the sale of the decorative materials having price in the range of Rs. 700 to Rs.3500 per piece. Around 10 to 15 such pieces were sold per month by the unit. The total of such pieces sold were around 150 to 180 per annum. The sales proceeds per annum was calculated to be Rs. 15.661 lakh. The net income per annum thus was Rs. 2.349 lakh and per month net income was Rs.0.196 lakh.

Financial Viability

7.18 The financial viability of the unit was also calculated to have a better idea about the working of the unit by calculating FRR, NPV and BCR. The economic life of the investment was calculated to be 10 years. The Return on Investment (ROI) was also calculated by taking into account the net benefit and the interest on capital as a percentage to the total investment made in the unit. The interest on the bank loan was calculated on the basis of the admissible rate of interest whereas that on the own fund was calculated on the basis of prevailing rate of interest on deposits. The same is indicated in Table 7.6.

Table 7.6 : Financial Viability of the sample Decorative Material Manufacturing Unit

Sl. No	Particulars	Value
I	NPV of Benefit @ 15 % Discount Rate	7859.89
II	NPV of Cost @ 15% Discount Rate	7463.59
III	BCR	1.05 : 1
IV	FRR	33 %
V	ROI	38 %

7.19 The Net Present Value (NPV) of benefit at 15 per cent discount rate was calculated to be 7859.89 and the NPV of cost at the same rate was 7463.59, hence the BC Ratio was 1.05 : 1. Similarly, Financial Rate of Return (FRR) of the unit was 38 per cent, making the activity a viable one. Since it was the only unit engaged in manufacturing of decorative materials which was in great demand for various social functions, it was operating almost throughout the year. However, the business was in its peak during / just before the marriage season.

Employment Generation

7.20 The unit was managed by the entrepreneur himself and no other family member was involved in the activity. The unit had employed 20 people, out of which 8 were ladies. The ladies were engaged in stitching and other finer activities and getting a salary of around Rs. 1200 to 1250 per month depending on the nature of work handled. The gents staff were engaged in managing the retail counters in Barpalli and Bargarh and marketing related activities. The average salary paid to the staff ranged between Rs. 1000 to Rs. 1600 per month. The overall management and also the material procurement was done by the entrepreneur himself. The employment generation by the sample unit is indicated in Table 7.7.

Table 7.7 : Employment Generation by Sample Decorative Material Manufacturing Unit

Sl. No.	Particulars	Number (Mandays per

		annum)
1	No. of Working Days	300
2	No. of Permanent Hired Staff	10
3	Employment for Permanent Hired Staff (365 days)	3650
4	No. of Temporary Hired Staff	10
5	Employment for Temporary Hired Staff (300 days)	3000
6	No. of Family Member Engaged	1
7	Employment for the family Member	365
8	Total No.of Mandays Employment	7015

Since the unit was operating / working for around 300 days in a year, the total mandays employment generated by the unit can be calculated as 7015, which includes 3650 for permanent staff, 3000 for hired casual staff and 365 for the owner himself.

II. Agro Processing

7.21 Agro processing and food processing alongwith related post harvest technology plays a key role in value addition, income and employment generation in the rural economy. A conducive climate, good quality soil and proximity to Hirakud dam command area make Bargarh an agriculturally advanced district. Out of 12 blocks, 4 blocks (Attabira, Bargarh, Barpalli and Bheden) have 90 per cent area under irrigation.Two blocks (Bhatli and Bijepur) are partially irrigated whereas rest of the six blocks (Ambabhona, Sohela, Padampur, Paikmal, Jharbandh and Ghaislet) are rainfed. Bargarh disitrict is known as the 'Rice Bowl' of Orissa and has been the stronghold of Rice Mills. As against 19 Rice Mills in the year 2000, there were about 98 modern Rice Mills in the district at the end of March 2006. During the field visit, a total of 10 modern Rice Mills were visited and data were collected about various aspects of their operations.

7.22 The overall operation in a modern rice mill involves handling of stored paddy and milling it to get polished rice. The rice mills in Bargarh district produced mainly parboiled rice by using steam pressure process prior to milling. Rice is parboiled in the hull which softens the kernel, allowing surface starch, bran and other components to mingle together. The water is then drained and the paddy is carefully steam dried. The dried parboiled rice is sent through machines which remove the husk and polish the kernels.

7.23 The steps involved in the production of parboiled rice is as follow :

Paddy Cleaning – This is done to remove the impurities and lighter immature grains mainly with the help of aspirators.

Steam Generation – Steam is generated by using husk as fuel in modern rice mills

Soaking / Steaming – The soaking / steaming takes place in stationary tanks, first by applying vaccum and then high hydro static pressure using water at a controlled temperature.

Final Drying - The parboiled paddy is either sun-dried in drying yards or steam dried in heat exchangers in mechanical drying chambers. The parboiling reduces the chance of breakage of paddy during the milling of rice.

Shelling – The process separates the brown rice from the husk. Rubber roller shellers are available at various capacity for this purpose.

Separation – Shelling results in some brown rice, rice husk and unshelled paddy. In the process of separation, the mixture is separated from each other. The separated paddy is returned to separator whereas brown rice is carried forward to the polisher.

Milling / Polishing – The milling or whitening removes the bran layer from brown rice. The process usually takes 2 to 3 cycles depending upon the required milling degree. Bran is blown by air ventilator.

Grading – Milled rice is separated by a sieve grader.

Sorting – Removes the rice defects such as discolouration, yellow, immature grains, chalky packs, glass stones, etc.

Packing / Storage – The finished rice is packed as per the grades. Mostly jute bags of 50 / 75 kg. are used for packing levy rice.

Plant and Machinery

The plant and machinery in the modern rice mills can be broadly divided into two categories

A. Parboiling section – The section is the most important constituent of the mill. The machine / equipments in this section consists of automatic boilers, boiling tanks, steam drying tower with heat exchangers, conveyor belt for inward and outward movement of paddy.

B. Milling section – The rubber rollers and stone cone polishers are the major machinery of the section. The operations in the modern rice mills are mostly mechanical with manual operations done only for the feeding the paddy to the paddy cleaner.

Products (Main and By-Products)

Whole Rice - The whole rice is the main product of the rice mills which constitutes around 67-68 per cent of the paddy.

Broken Rice - Around 1 to 2 per cent of the paddy get broken and is used for making several food items like puffed rice, rice flour, etc.

Rice Bran – Approximately 4 to 5 per cent of the paddy comes out as rice bran, 90 per cent of which goes to solvent plants in neighbouring states for bran oil extraction and preparation of bran cake for cattle feed.

Husk – Around 20 to 22 per cent of the paddy comes out as husk which is used by the mills as fuels for boilers.

The rest 2 to 3 per cent of paddy is wasted in the processing work.

Cost of Investment

7.24 The cost of investment of the sample modern rice mills having an installed capacity of 3.5 MT paddy per hour is indicated in Table 7.8.

Table 7.8 : Investment Cost of Sample Rice Mills

Sl. No.	Particulars	Amount (in Rs. Lakh)
1	Land	3.00 (3)
2	Site Development including leveling, filling & fencing, installation of borewells and construction of internal road	6.00 (6)
3	Building including construction of Paddy godown, boiler shed, milling shed, staff quarters, office unit, machine room, etc	24.70 (26)
4	Plant & Machinery including boiling tanker, drying tower, paddy cleaner, rubber shellers, polishers, stone separator, bran blower and belt conveyors, etc.	54.00 (56)
5	Electrical Installations including transformers, internal lighting, panel and control, etc	8.00 (8)
6	Sub Total (1-5)	95.70 (100)
7	Contingencies @ 2.5%	2.07
8	Total Investment Cost	98.09
9	Bank Loan	56.33
10	Own Fund	41.76

Note : Figures in the parantheses indicate percentage to the total

As may be observed from the Table 7.8, the major component of capital cost of investment in a modern rice mill is accounted for by the plants and machinery of which par boiling section is most dominant. The parboiling section consist of automatic boilers using rice husk as fuel, parboiling tanks, steam drying tower and conveyor belts for inward and outward movement of paddy. Nearly, 56 per cent of the cost of plant & machinery and building is accounted for by this section. The other major cost is erecting civil structures, electrical installations. The civil structures consist of paddy godown wherein paddy required for three months operation is stored, boiler shed, milling factory, office quarter and labour quarters. Around 26 per cent of the overall cost of plant & machinery and buildings is contributed by the buildings, 8 per cent by the electrical installations and 6 per cent for site development (including the leveling, filling & fencing, borewell and water connection and internal road). The contingency expenditure was fixed at 2.5 per cent of the cost of building, plant & machinery. The total investment cost thus amounted to Rs. 98.09 lakh.

Sources of Funds

7.25 The modern Rice mills usually do not depend exclusively upon the bank credit for their financial requirement due to their higher turnover rate. The promoter’s contribution for the sample rice mills was around 43 per cent of the total investment cost. The promoters were generally landowners, rice traders / millers by ancestral practice and were cash rich. The old rice mills were established before 1999 with either no bank loan or with less involvement of bank fund. The owners availed the bank loans subsequently afterwards for modernization of the mills. The bank loan was around 57 per cent of the overall cost of investment whereas the remaining 43 per cent was contributed by the owners from their own resources.

Income Generation and Financial Analysis

7.26 The capacity of sample rice mill was taken at 2 MT / hour @ 8 hours per day. The total number of working days as reported by the sample units amounted to 270 days.

The cost of paddy was Rs. 56000/- per MT and rice procurement price of FCI was Rs.9650/- per MT.

The capacity utilization was 80 per cent during the first year of operation followed by 90 per cent for the subsequent years.

Operation Details and Sales Proceeds

7.27 The operation details including the cost of operation, income generation of the sample rice mills per annum is indicated in Table 7.9.

Table 7.9 : Income Generation and Operation details of the Sample Rice Mills

Sl. No.	Particulars	Amount (Rs. in Lakh)
I	Cost of Operation	
1	Paddy @ Rs. 5600/- per MT	233.28 (86)
2	50 kg.gunny bags @ Rs. 10/- per bag	0.35 (< 1)
3	Electricity Charges	9.37 (3)
4	Establishment cost including Wages and Salary	4.13 (2)
5	Transportation	0.33 (<1)
6	Insurance	2.00 (<1)
7	Maintenance	3.00 (1)
8	Sales Tax @ 4% for FCI delivery	6.99 (3)
9	Depreciation of building and machinery @ 5%	4.90 (2)
10	Interest on Working Capital	8.38 (3)
11	Total Expenditure	272.73 (100)
II	Income Details	
1	Whole Rice @ 67% @ Rs.9520/- per MT	275.55 (92)
2	Broken Rice @ 2% @ Rs. 4000/- per MT	3.46 (1)
3	Rice Bran @ 5% @ Rs. 9000/- per MT	19.44 (7)
4	Total Income	298.44 (100)
III	Operating Profit	25.71

Note : Figures in the parantheses indicate the percentage to the total

As indicated in Table 6.6, the total cost of operation of the sample rice mills was calculated to be Rs. 272.73 lakh, out of which around 86 per cent was cost of procurement of paddy, 3 per cent each for sales tax, interest for working capital and electricity, around 2 per cent for establishment cost like salary and wages, around 1 per cent for the maintenance, transportation, insurance, etc.

Sales Proceeds and Net Income

7.28 The major income of the sample rice mills was through the sell of whole rice followed by rice bran and broken rice. Since the husk was used as fuel for boiling paddy, the same was not included in the income stream. The sales proceeds from the whole rice was amounted to Rs. 275.55 lakh which was almost 92 per cent of the gross income generated by the unit. The sales proceeds from the broken rice and rice bran was Rs. 3.45 lakh (1 per cent) and Rs. 19.44 lakh (7 per cent) respectively. The operating profit of the sample rice mills was calculated to be Rs. 25.71 lakh per annum.

Economics of Rice Mills

7.29 The economics of investment was calculated by taking into account the FRR, BCR and ROI. The economic life of the sample units was taken as 15 years and salvage value of Rs. 5 lakh was accrued on the last year. The detailed economics of the sample rice mills is indicated in table 7.10.

Table 7.10 : Financial Viability of Sample Rice Mills

Sl. No.	Particulars	Value
1	NPV of Benefits @ 15% discount rate	1460.51
2	NPV of Cost @ 15% discount rate	1428.15
3	BCR	1.02
4	FRR	23%
5	ROI	40 %

The Table 7.10 indicates that the Net Present Value of Benefit and Cost at the discount rate of 15 per cent each was 1486.82 and 1442.86 respectively. The Benefit to Cost Ratio was calculated at 1.03 : 1. The FRR of the unit was estimated to be 23 per cent, the ROI was around 40 per cent, making the activity a viable one.

Employment Generation

7.30 As per the admission of the owners of the sample rice mills, the units were operating for around 270 days in a year. For two months during the rainy season, the units were completely closed. Apart from that they were remaining closed sometimes for some reason or other due to some or other reasons. The employment generation in the sample rice mills is indicated in the Table 7.11.

Table 7.11 : Employment Generation in Sample Rice Mills

Sl. No.	Particulars	Number (per annum)
1	No of Working Days	270
2	No. of Hired casual workers Employed	20
3	No. of permanent hired staff employed	14
4	No. of family member employed	2
5	Employment for casual hired wokers	5400
6	Employment for permanent hired workers	5110
7	Mandays employment for famly member	730
8	Total mandays employment for all types of labour	11240

On an average a rice mill gives employment to around 14 persons apart from 20 daily casual labourers. The casual labour were used in mainly loading, cleaning and other related operations whereas the permanent labour were skilled in handling certain independent sections like boiling, controlling the temperature, sorting, grading, etc. Usually two family members were involved in the whole operations ranging from supervision of the work inside the mill to procurement of paddy and operating the bank accounts, negotiating the sale of finished products, etc. The mandays employment generated for these three types of labour were 5400, 5110 and 730 respectively. The total mandays employment generated by the sample units amounted to 11420 per annum.

7.31 However, eventhough there is huge scope for the establishment of industries using the by-products of the rice mills as raw materials as bran oil, cattle and poultry feed units, no such units have been established in the district. Moreover, the discussion with the rice mill owners revealed that there was a number of instances of rice mills being closed down / incurring losses / being sold at a cheaper rate. All these taken together make the rice milling a lucrative activity which has to be undertaken with a lot of foresight.

III. Small Road Transport Operators (SRTO)

7.32 A total of 5 Small Road Transport Operators (SRTO) were contacted during the field visit. All of them had purchased four wheeled passenger vehicles and used them for commercial purpose. In the absence of regular bus services connecting the block headquarters and the villages, the vehicles were serving the villagers in a better way. The per annum operation details of the SRTO beneficiaries is indicated in the Table 7.12.

Table 7.12 : Operation Details of sample SRTO Beneficiaries

Sl. No.	Particulars	Amount (Rs. in Lakh.)
I	Cost of vehicle	3.110
II	Bank Loan	2.705
2	Expenditure per annum	
a	Fuel	0.643 (36)
b	Salary of driver	0.300 (17)
c	Salary of helper, if any	0.030 (2)
d	Road Tax & Insurance	0.048 (3)
e	Maintenance	0.075 (4)
f	Installment	0.686 (38)
g	Total cost of operation (a-f)	1.782 (100)
III	Running days in a year	264
IV	Earning per day (amount in Rs.)	955
V	Earning per annum	2.521
VI	Net Income	0.739

Note : Figures in the parentheses indicate the percentage to the total

Cost of vehicle and adequacy of Bank Loan

7.33 The actual cost of the sample vehicles was Rs. 3.12 lakh, out of which Rs. 2.71 lakh was availed as term loan from the bank and the remaining Rs. 0.41 lakh were contributed by the beneficiary. The bank loan thus amounted to 87 per cent of the cost of the vehicle, margin money being almost 13 per cent.

Cost of Operations

7.34 The cost of operations included cost of fuel (36 per cent), installment of loan (38 per cent), salary of driver (17 per cent), maintenance (4 per cent), tax & insurance (3 per cent) and salary of helper (2 per cent). The total cost of operation was calculated to be Rs. 1.78 lakh.

Net Income

7.35 Keeping in mind the rainy season and the other unforeseen situations, the running days of the vehicles were calculated to be 264 days per annum. The vehicles were doing 4 trips up and down the villages and block headquarters and the average passengers per trip was 11 to 12. The fare per trip per passenger was Rs.10. The earnings per day was roughly around Rs.955 and the total number of working days being 264, the annual income was calculated to be Rs. 2.521 lakh. The net income per annum turned out to be Rs. 0.739 lakh.

Financial Viability

7.36 The financial viability of the sample SRTO operation is indicated in table 7.13.

Table 7.13 : Financial Viability of the sample SRTO Units

Sl. No.	Particulars	Value
1	NPV – Benefit @ 15 per cent	1048.93
2	NPV – Cost @ 15 per cent	1011.93
3	BC Ratio	1.04 : 1
4	IRR	17 %
5	ROI	48 %

The FRR for the sample SRTO activity was found to be 17 per cent. The NPV of benefit @ 15 per cent discount rate was 1048.93 and that of cost at the same rate was 1011.93, making the BC Ratio 1.04 : 1.00. The ROI for the activity was 48 per cent. All these taken together make the activity financially viable.

Employment Generation

7.37 The sample SRTO units were generating full time employment for only one person and part time employment for owner and cleaner. The employment generation is indicated in Table 7.14.

Table 7.14 : Employment Generation in sample SRTO Units

Sl. No.	Particulars	Number of Mandays of Employment (per annum)
1	No. of Permanent Hired Staff	1
2	No. of Family Member	1
3	Employment for Permanent Staff	365

4	Employment for Family Member (46 days)	46
5	Total Mandays employment generated	411

The driver was engaged on a full time basis for 264 days a year. The owner usually supervises the overall accounts, tax and permits, etc and around 46 mandays of employment was generated from that. Thus sample SRTO units were generating a total of 411 mandays of employment per annum.

IV. General Engineering Units

7.38 The increase in the standard of living / economic prosperity of the people in the district was reflected in the upswing in the general engineering activities. Seven general engineering units were visited during the field visit. The units were engaged in the manufacturing of iron gates, grills, windows and steel almirahs.

Cost of Investment

7.39 The cost of investment of the sample fabrication units is indicated in the Table 7.15.

Table 7.15 : Cost of Investment of Sample Fabrication Units

Sl. No.	Particulars	Details (Amount in Rs. Lakh)
I	Cost of Investment	
1	Land & Building	1.750 (38)
2	Plant & Machinery	0.900 (19)
3	Raw material	2.000 (43)
4	Total Investment (1+2+3)	4.650 (100)
II	Bank Loan (Rs. in Lakh)	
1	Working Capital	2.100
2	Block Capital	1.290
3	Total	3.390
4	Own Fund	1.260

The investment cost of the sample fabrication units included the cost of land & building and plant & machinery which amounted to Rs. 2.65 lakh. The major components of machinery included machines for welding, grinding and drilling, tools, workshed, electricity & fittings, air compressor, etc. The investment on land and building was Rs. 1.750 lakh (38 per cent), plant & machinery at Rs. 0.900 lakh (19 per cent) and raw material mainly steel sheets required for 2 months operation at Rs. 2.000 lakh (43 per cent). The total investment cost thus amounted to Rs. 4.650 lakh.

Bank Loan

7.40 The sample fabrication units had availed a total loan of Rs. 3.390 lakh which comprised of Rs. 2.100 lakh (62 per cent) for block capital and Rs. 1.290 lakh (38 per cent) for working capital. The bank loan accounted for 73 per cent of the total cost of investment of the unit and the rest of the amount 27 per cent (Rs. 1.260 lakh) was the own involvement of the agency. Thus, around 79 per cent of block capital and 65 per cent of the working capital was met by the bank loan.

Cost of Operation and Sales Proceeds

7.41 The cost of operation included the cost of staff / labour and other overhead expenditure like electricity, utilities, etc. whereas the sales proceeds arose out the sale of almirahs and grills, etc. The details of cost of operation and the sales proceeds is indicated in the Table 7.16.

Table 7.16 : Cost of Operation and Net Income

Sl. No.	Particulars	Amount (Rs. in Lakh)
I	Cost of operation	
1	Raw Material	10.320 (83)
2	Staff / Labour	1.080 (9)
3	Overhead Expenses	0.720 (5)
4	Depreciation at 5% of Plant & Machinery	0.045 (< 1)
5	Interest on Loans	0.260 (2)
6	Total Cost (1-5)	12.425 (100)
II	Sales Proceeds per annum (Rs. in Lakh)	
1	Agricultural Implements, almirahs @ Rs.3000/-	1.200 (8)
2	Gates, Grills, Windows, etc 7 MT @ Rs. 0.25/- per MT	14.000 (92)
3	Total Sales Proceeds	15.220 (100)
III	Operating Profit (Rs. in Lakh)	2.770

Table 7.16 indicates that around 83 per cent of the cost of operation was made for the purchase of raw materials which mainly was raw steel sheets. The remuneration of the staff accounted for around 9 per cent of the cost of operations. Overhead expenses like electricity and water, etc. accounted for almost 5 per cent and interest on bank loans and depreciation accounted for 1 to 2 per cent of the cost of operations. The total cost of operations per annum came to Rs. 12.425 lakh.

Sales Proceeds and Net Income

7.42 The sales proceeds out the sale of manufacture of agricultural implements and almirahs amounted to Rs. 1.2 lakh (8 per cent) per annum. The most important item of sales proceeds was the manufacture of Iron Gates, Grills and Windows, etc. to the extent of Rs. 14.00 lakh (92 per cent). The total sales proceeds amounted to Rs. 15.20 lakh. The operating profit out of the activity was calculated to be Rs. 2.770 lakh per annum.

Financial Viability

7.43 The economic viability of the sample fabrication unit was estimated to be 10 years. The NPV of benefit and cost was calculated at 15 per cent discount rate. The financial viability of the sample units is indicated in Table 7.17.

Table 7.17 : Financial Viability of Sample Fabrication Units

Sl. No.	Particulars	Value
1	NPV Benefit @ 15 per cent Discount Rate	6992.38
2	NPV Cost @ 15 per cent Discount Rate	6595.14

3	BCR	1.06 : 1.00
4	FRR	28 %
5	ROI	64 %

The NPV of benefits at 15 per cent discount rate was 6992.38 and that of cost at the same rate was 6595.14, making the BC ratio to be 1.06 : 1.00. The ROI was calculated to be 64 per cent. The FRR of the sample fabrication units was calculated to be 28 per cent. All these three factors taken together, makes the sample fabrication a potentially viable activity in the district.

Employment Generation

7.44 The fabrication units were employing both regular and temporary staff. Only one regular or permanent staff was employed and around seven temporary workers were engaged in the units. Though the overall management was in the hands of the owner himself, the regular staff was looking after the day to day operations. The details of employment generated by the sample fabrication units is indicated in Table 7.18.

Table 7.18 : Employment Generation in Sample Fabrication Units

Sl. No.	Particulars	Mandays Employment (per annum)
1	No. of Permanent Hired Staff employed	1
2	No. of Temporary Hired workers Employed	7
3	No. of Family member Engaged	1
4	employment for Permanent Hired Labour (365)	365
5	Mandays employment for Temporary Hired Staff (300 days)	2100
6	Employment for Family member	365
7	Total Mandays Employment	2830

On an average the temporary workers were employed for around 25 days in a month, thus generating employment of 2100 mandays of employment per annum. The permanent staff engaged doing the skilled jobs in the unit and was giving rise to another 365 mandays of employment. Apart from that the owner himself was engaged in all the logistics, supervision and other miscellaneous works and thus was fully employed in the unit. The total mandays employment generated by the unit was around 2830 per annum.

V. Retail and Wholesale Trade Establishment

7.45 Since the retail and wholesale trade establishment were different from each other on account of the capital involved, stocks held etc, a separate analysis of the sample retail and wholesale trade establishments was made. Twelve beneficiaries had availed bank finance for retail trade whereas eight beneficiaries had availed the same for wholesale trade. The bank finance in both the cases was used for procuring stock of materials.

Cost of Investment

7.46 The cost of investment of the sample retail and wholesale trade establishments are indicated in Table 7.19.

Table 7.19 : Cost Investment and Loan Details of the Sample Retail and Wholesale Trade Units

(Amount in Rs. Lakh)

Sl. No.	Particulars	Retail Trade	Wholesale Trade
I	Cost of Investment		
1	Building & Furnishings	0.250 (33)	2.00 (17)
2	Stock of Goods and Commodities	0.500 (67)	10.00 (83)
3	Total Investment	0.750 (100)	12.00 (100)
II	Bank Loan		
1	Working Capital	0.400	8.06
2	Block Capital	0.000	0.00
3	Total	0.400	8.06
IV.	Own Fund	0.350	3.94

The Table 7.19 indicates that around 67 per cent of the investment of the sample retail units consisted of stock of goods and commodities and only 33 per cent was devoted to building which includes shop / showroom, etc. The total investment cost of the sample retail establishments came to Rs. 0.750 lakh. The average loan obtained by the sample beneficiaries amounted to Rs. 0.400 lakh, which was approximately 53 per cent of the investment cost. The loan was extended for meeting the working capital requirement of the unit to the extent of 80 per cent of the initial investment on the same. Since the retail shops were run from the house itself, there was no need to invest a large amount on building. Only certain furniture and fixtures like showcases were to be made, for which the units paid out their own funds.

7.47 The investment in fixed assets by the sample wholesale trade establishments included the construction of godown at Rs. 2.00 lakh (17 per cent) and the value of stock was calculated to be around Rs. 10.00 lakh (83 per cent). The total investment thus amounted to Rs. 12.00 lakh. Out of this, Rs. 8.06 lakh was obtained by the beneficiary as working capital from the banks and Rs. 3.94 lakh was contributed by the entrepreneur himself. Thus, the promoter’s contribution was around 33 per cent of the investment. The Bank loan thus amounted to 67 per cent of the total investment cost. The working capital limit was 81 per cent of the total working capital invested in the unit.

Cost of Operations and Net Income

7.48 The cost of operations of the sample retail and wholesale units alongwith the gross and net income is indicated in the Table 7.20.

Table 7.20 : Cost of Operations and Net Income of the sample Retail Units

(Amount Rs. in Lakh)

Sl. No.	Particulars	Retail Trade	Wholesale Trade
I	No. of Working Days per annum	324	324
II	Cost of Operation		
1	Stocks	0.750 (76)	12.38 (80)

2	Wage / Salary	0.120 (12)	0.72 (5)
3	Misc.	0.012 (1)	0.60 (4)
4	Electricity	0.024 (2)	0.18 (1)
5	Interest on Working Capital	0.048 (5)	0.97 (6)
6	Wastage of stock @ 5%	0.037 (4)	0.62 (4)
7	Total Expenditure	0.991 (100)	15.46 (100)
III	Sales Proceeds (Rs. in Lakh)	1.782	18.00
IV	Net Income (Rs. in Lakh)	0.791	2.54
V	Net Income per month	0.066	0.21

The major cost of operation of the sample retail units amounting to around 76 per cent was made towards the purchase of stock which was around Rs. 0.750 lakh. Other costs included salary of one staff employed in the shop (12 per cent), overhead cost like the electricity (2 per cent), miscellaneous cost (1 per cent), interest on working capital (5 per cent) and the depreciation of stocks (4 per cent). The total cost came to Rs. 0.991 lakh per annum.

7.49 The recurring expenditure of the wholesale trade units included salary of staff (Rs.0.72 lakh), Marketing & Miscellaneous expenditure (Rs.0.60 lakh), electricity (Rs. 0.18 lakh), interest on working capital (Rs. 0.97 lakh) and depreciation (Rs.0.62 lakh). The total expenditure per annum came to Rs. 15.47 lakh. In percentage terms, nearly 80 per cent of the total cost was going towards maintenance of stock, followed by 6 per cent for interest on working capital, 5 per cent for wages & salary, 4 per cent each for marketing & miscellaneous and depreciation and 1 per cent electricity of the shop / godown

Sales Proceeds

7.50 The sales proceeds of the retail trade units were estimated to be at Rs. 1.782 lakh @ Rs. 550/- per day for 324 working days in a year . The net income per annum was Rs. 0.791 lakh and the monthly income was Rs.0.066. The sales proceeds of the wholesale trade units on the other hand amounted to Rs. 18.00 lakh @ Rs. 1.50 lakh per month. The net Income was calculated to be Rs. 2.53 lakh per annum @ Rs. 0.21 lakh per month.

Financial Viability

7.51 The FRR of the retail and wholesale trade units were calculated by taking into account the economic life of the units at seven years, the NPV of both cost and benefit was calculated at the discount rate of 15 per cent. The ROI was calculated so as to ascertain the return of the investment by the trade establishments. The financial viability of the sample retail and wholesale units is indicated in Table 7.21.

Table 7.21 : Financial Viability of sample Retail and Wholesale Units

Sl. No.	Particulars / Value	Retail Trade	Wholesale Trade
1	NPV Benefit @ 15 per cent Discount Rate	7413.86	7488.76
2	NPV Cost @ 15 per cent Discount Rate	4775.15	6608.50
3	BCR	1.55 : 1.00	1.13 : 1.00
4	FRR	> 50 %	> 50 %
5	ROI	111 %	39 %

Eventhough the BCR was higher than 1 in case of both the retail and wholesale units, the wholesale trade units gave rise to higher rate of return. The wholesale units involved higher investment on stocks which increased the interest burden and hence led to low return on investment.

Employment Generation

7.52 The sample retail and wholesale trade units were managed by the owner themselves and with the help of permanent staff. The employment generated by the sample retail and wholesale units is indicated in Table 7.22.

Table 7.22 : Employment Generated by the Sample Retail and Wholesale Units

	Particulars / Employment Generated (Mandays per annum)	Retail Units	Wholesale Units
	No. of Permanent Hired Worker	1	4
	No. of Family worker	1	1
	Employment for Hired worker	365	1460
	Employment for Family worker	162	365
5	Total Employment	527	1825

Since the shops were open for almost 324 days a year, the employment generated for the hired worker was considered to be employed for round the year. The owner was pursuing some additional activity such as agriculture / weaving in addition to the management of the shop. Hence the mandays employment generated for the family labour was 162. The total mandays employment generated by the sample retail units came to 527 per annum.

7.53 The sample wholesale trade establishments were providing employment to approximately four persons in various capacity ranging from managing the store and customer contact / marketing, etc. The overall unit was however managed by the proprietor himself. Assuming that the sample units were working for 324 days in a year, the total mandays of employment generated by the unit was calculated to be 1825, with 1460 for hired worker and 365 for family worker.

VI. Service Units

7.54 The immediate outcome of the expansion of the economy gets reflected in the expansion of establishment of the service units. These units comprise a variety of activities and similarly, 16 sample service units were mainly of five types i.e.

- Tailoring units (3 units),
- Motor Garage (3 units),
- Computer / Xerox units (3 units),
- Tent House (3 units)
- Hotels (4 units).

The operating details of each of these five types of activity are analysed in subsequent paragraphs. The cost of investment, cost of operations, gross and net income of each of these five activities have been presented in separate Tables. However, for analytical convenience, the financial viability and the employment generation for each of these activities is presented in the one table.

A. Tailoring Units

7.55 All the three tailoring units engaged in making ladies garments were situated in the main market area of the block headquarters and doing job work. The major investments of the units consisted of the purchase of sewing machines and the interlocking machines. Other infrastructure included the furniture and cupboard for keeping the finished and unfinished material. The details of the cost of investment of the sample tailoring units is indicated in Table 7.23.

Table 7.23 : Cost of Investment and Bank Loan of Sample Tailoring Units

Sl. No.	Particulars	Details (Amount in Rs. Lakh)
I	Cost of Investment	
1	Sewing Machines (6 in number)	0.210 (57)
2	Interlocking Machine (1 in number)	0.015 (4)
3	Iron	0.005 (1)
4	Furniture & Fixtures	0.030 (8)
5	Fans	0.010 (3)
6	Material for three months	0.098 (27)
7	Total Investment	0.368 (100)
II	Bank Loan (Rs. in Lakh)	0.330
IV.	Own Fund	0.038

Cost of Investment and Adequacy of Bank Loan

7.56 The major item of investment accounting for almost 57 per cent of the total investment cost was the cost of machines amounting to 6 in number. The other cost of investment included 1 interlocking machine (4 per cent), 1 Iron (1 per cent), Furniture and fixture (8 per cent), 2 Fans (3 per cent) and materials like threads, buttons, etc. The total investment cost amounted to Rs. 0.368 lakh. The sample tailoring units had availed bank loan of Rs. 0.330 lakh which was to the extent of 90 per cent of the total investment. The contribution of the promoter came to around 10 per cent.

Cost of Operations and Net Income

7.57 The details of the cost of operation and the bank loan obtained by the sample tailoring units is indicated in Table 7.24.

Table 7.24 : Operation Details of the sample Tailoring Units

Sl. No.	Particulars	Details (Amount in Rs. Lakh)
I	No. of Working Days per annum	336
II	Recurring Expenditure (Amount in Rs.)	
1	Salary of staff	0.891 (63)
2	Material like threads, bottons, lace, etc.	0.394 (28)
3	Electricity	0.024 (2)
4	Rent for the shop @Rs. 300/- per annum	0.036 (3)
4	Interest on Bank Loan	0.039 (3)
5	Depreciation of fixed assets @ 5%	0.013 (1)

6	Total Expenditure	1.397 (100)
VII	Sales Proceeds	2.160
9	Net Income	0.799
10	Net Income per month	6658
11	FRR	> 50 %
12	ROI	357 %

The recurring expenditure of the tailoring units included the expenditure on remuneration paid to workers to the extent of Rs. 0.890 lakh (63 per cent), Rs. 0.394 lakh for the cost of materials used (28 per cent), Rs. 0.036 lakh as rent paid for the shop (3 per cent), Rs.0.24 lakh for electricity (2 per cent), Rs. 0.013 lakh as depreciation (1 per cent) and Rs. 0.039 lakh (3 per cent) as interest on working capital. The total operating cost thus came to Rs. 1.397 lakh.

Sales Proceeds, Net Income

7.58 Due to the locational advantage of the units since they were situated on the main road of the block and town headquarters, the units were doing brisk business. The stitching charge of the ladies garments was Rs. 70 /- per pair and the gents garments was Rs. 180 per pair. Apart from that, the units were stitching small frocks also. The sales proceeds arose mainly out of the stitching of ladies / gents garments and amounted to Rs. 2.160 lakh per annum. The net income of the sample tailoring units amounted to Rs.0.762 lakh.

B. Motor Garage

7.59 All the three sample motor garages were operating on the National Highways and engaged in repairing and servicing works. The cost of investment and loan adequacy of the sample motor garage is indicated in Table 7.22.

Table 7.25 : cost of Investment and Adequacy of Bank Loan of the sample Motor Garages

Sl. No.	Particulars	Details (Rs. in Lakh)
I	Cost of Investment	
1	Investment on Land (own land)	0.000
2	Plant and Machinery	
a	Auto Washer	0.300 (52)
b	Water Pump	0.080 (14)
c	Water Tank	0.050 (8)
d	Spray Printing Set	0.060 (10)
e	Tools & Equipments	0.050 (8)
f	Gas Welding Set	0.030 (5)
g	Rack & Furniture	0.020 (3)
h	Total Investment	0.590 (100)
II	Bank Loan (Rs. in Lakh)	0.330
IV.	Own Fund	0.260

As indicated in Table 7.32, the investment cost of the sample motor garage amounted to Rs. 0.590 lakh, of which auto washer amounted to almost 52 per cent, water pump (14 per cent), spray printing set (10 per cent), water tank and tools & equipments (8 per cent each), gas welding set (5 per cent) and rack and furniture (3 per cent). The total investment cost thus amounted to Rs. 0.590 lakh. The unit was established on the own land of the entrepreneur for which no paid out cost was involved on land. The bank loan availed by the sample beneficiaries amounted to Rs. 0.330 lakh which was around 56 per cent of the cost of investment. The remaining 44 per cent of the investment cost was met by the beneficiary himself.

Cost of Operation and Net Income

7.60 The recurring expenditure was calculated to be Rs. 1.069 lakh per annum. The recurring expenditure comprised of remuneration of skilled and unskilled labour (68 per cent @ 34 per cent each), material cost like grease and lubricants (21 per cent), electricity charges (4 per cent), interest on bank loan (5 per cent) and depreciation (2 per cent). The details of the same is indicated in Table 7.26.

Table 7.26 : Cost of Operation and Net Income of the sample Motor Garages

Sl. No.	Particulars	Details (Rs. in Lakh)
I	No. of Working Days per annum	336
II	Recurring Expenditure (Amount in Rs.)	
1	Remuneration for the skilled staff (1 person)	0.360 (34)
2	Remuneration for unskilled staff (3 persons)	0.360 (34)
3	Materials like Grease & Lubricant	0.220 (21)
4	Electricity	0.048 (4)
5	Interest on Bank Loan	0.051 (5)
5	Depreciation of fixed assets @ 5%	0.030 (2)
6	Total Expenditure	1.069 (100)
III	Sales Proceeds (Amount in Rs.)	
1	From Servicing	0.450 (23)
2	Repairing	1.500 (77)
3	Total	1.950 (100)
IV	Net Income (Rs. in Lakh)	0.881
V	Net Income per month	0.073

Sales Proceeds and Net Income

7.61 The proceeds of the sample motor garage were coming from the servicing and repairing of two and four wheelers. The total proceeds were to the tune of the Rs. 1.950 lakh, with 23 per cent coming from the servicing and 77 per cent coming from repairing works. The net income per annum amounted to Rs. 0.881 lakh, with monthly income at Rs. 0.734 lakh.

C. Tent House

7.62 Three tent house units, engaged in providing the tent house materials on rent were visited by the study team. The cost of investment and the adequacy of bank loan of the sample tent house units is indicated in Table 7.27.

Table 7.27 : Cost of Investment and Bank Loan Adequacy of sample Tent House Units

Sl. No.	Particulars	Details (Amount in Rs.)
I	Investment Cost	
1	Building	0.000
2	Stocks	1.000

3	Total Investment	1.000
II	Bank Loan	0.250
III	Own Fund	0.750

As indicated in Table 7.37 there was almost nil investment on fixed assets like building and machinery in this case. But the units had to keep a stock of around Rs. 1.00 lakh of tent house material including chairs, tables, utensils, decorative items. The overall cost of investment of the sample tent houses amounted to Rs. 1.00 lakh. All the three units had obtained working capital from the banks and the average amount of bank loan was Rs. 0.250 lakh. amounting to only 25 per cent of the investment cost.

Cost of Operation and Net Income

7.63 The cost of operation and the sales proceeds alongwith the net income is indicated in Table 7.28.

Table 7.28 : Cost of Operation and Net Income of the sample Tent House Units

Sl. No.	Particulars	Amount (Rs. in Lakh)
I	Recurring Cost per annum	
1	Remuneration to Staff	0.180 (26)
2	Rent @ Rs. 1000 per month	0.180 (26)
3	Electricity	0.036 (5)
4	Miscellaneous	0.120 (17)
5	Interest on Bank Loan	0.030 (4)
6	Depreciation of stock @ 15 %	0.150 (22)
7	Total Recurring Cost	0.696 (100)
II	Gross Income per annum	1.671
III	Net Income per annum	0.933
IV	Net Income per month	0.078

As indicated in Table 7.38, the major item of the recurring cost was the remuneration for staff and rent for shop contributing around 26 per cent of the cost, followed by 22 per cent for depreciation, 17 per cent for miscellaneous expenditure like delivery of goods and other logistics and 5 and 4 per cent respectively for electricity for rented shop and interest for bank loan. The depreciation of stock which was taken to be at the rate of 15 per cent, in view of the missing items and severe wear and tear of materials because of the improper handling, as reported by the beneficiaries. The total recurring expenditure amounted to Rs. 0.696 lakh per annum. The gross income amounted to Rs. 1.671 lakh for the same period. The net income was calculated at Rs. 0.933 lakh per annum and Rs.0.078 lakh per annum.

D. Computer / Xerox Units

7.64 A total of three Computer / Xerox units were visited by the study team. The details of cost of investment and the adequacy of bank loan of the sample units is indicated in Table 7.29.

Table 7.29 : Cost of Investment and Adequacy of Bank Loan of sample Computer / Xerox Units

Sl.	Particulars	Details (Amount in Rs.)

No.		
I	Investment Cost	
1	Xerox Machine	0.250
2	Computers (3 in number)	0.750
3	Scanner	0.040
4	Furniture	0.050
5	Total Investment	1.090
II	Bank Loan	0.320
IV	Own Fund	0.770

As indicated in table 7.29, the investment cost of the sample units comprised of cost of the Xerox machine as well as the computers. All the three units had purchased second hand Xerox machine and scanners. The three computers however were assembled ones and were new. The total investment cost including the Xerox machine, scanner, three computers and furniture amounted to Rs. 1.090 lakh. The bank loan on the other hand amounted to Rs. 0.25 lakh only, which was only 19 per cent of the total cost of investment.

Cost of Operation and Net Income

7.65 The details of the cost of operations and the net income earned by the sample Computer / Xerox units is indicated in Table 7.30.

Table 7.30 : Cost of Operation and Net Income of the sample Compuetr / Xerox Units

Sl. No.	Particualrs	Amount (Rs. in Lakh)
I	Recurring Cost per annum	
1	Remuneration to Staff	0.120 (18)
2	Rent @ Rs. 1000 per month	0.036 (5)
3	Electricity	0.120 (18)
4	Materials like Paper & Toner	0.242 (35)
5	Maintenance	0.024 (3)
6	Interest on Bank Loan	0.032 (5)
7	Depreciation of equipment @ 10 %	0.109 (16)
8	Total Recurring Cost	0.683 (100)
II	Gross Income per annum	
1	Xerox @ Rs. 0.75 per page	0.480 (37)
2	Computer uses	0.806 (63)
3	Total Gross Income	1.286 (100)
III	Net Income per annum	0.603
IV	Net Income per month	0.050

As indicated in the Table 7.30, the most important component of the recurring cost was the cost of materials like paper and toner, etc, which accounted for almost 35 per cent of the total recurring cost, followed by 18 per cent each for the remuneration for the staff attending the work in the shop and the electricity charges, 16 per cent for the depreciation of machine which was calculated at 10 % per annum, keeping in view the nature of the items. The other components of cost included rent and interest on bank loan at 5 per cent each and maintenance at 4 per cent. The total expenditure per annum thus amounted to Rs. 0.683 lakh.

Gross Sales Proceeds and Net Income

7.66 The proceeds of the unit were coming from two activities, i.e. photocopy and use of computers. The proceeds from the former amounted to Rs. 0.480 lakh (37 per cent) whereas the proceeds from the later amounted to Rs.0.806 lakh (63 per cent) per annum. The total proceeds thus amounted to Rs. 1.286 lakh. The net income was calculated to be Rs. 0.603 lakh per annum and the monthly net income was Rs. 0.050 lakh per month.

E. Hotels

7.67 A total of 5 hotels situated mainly on the national highways were visited by the study team. The cost of investment and the adequacy of bank loan is indicated in Table 7.31.

Table 7.31 : Csot of Investment and Bank Loan Adequacy of Operation details of the sample Hotels

Sl. No.	Particulars	Details (Amount in Rs. Lakh)
I	Investment Cost	
1	3 Gas stoves	0.100 (22)
2	Furniture & Fixtures	0.200 (45)
3	Utensils	0.150 (33)
4	Total Investment	0.450 (100)
II	Bank Loan	0.250
III	Own Fund	0.200

All of the five sample hotels were running on rented premises and hence the investment on fixed asset like land and building was almost non existent. The hotels however had invested in purchase of gas stoves to the tune of Rs.0.100 lakh (22 per cent). The other items of fixed cost included the furniture and fixtures amounting to Rs. 0.150 lakh (45 per cent) and the utensils of Rs. 0.150 lakh (33 per cent). The total investment on fixed assets came to Rs. 0.450 lakh. The bank loan availed by the sample hotels amounted to Rs. 0.250 lakh, which was 56 per cent of the total investment cost. The remaining 44 per cent was contributed by the beneficiary himself.

Cost of Operation and Net Income

7.68 The recurring cost of the sample hotels amounted to Rs. 2.787 lakh per annum, which comprised of material cost (72 per cent), remuneration for workers (19 per cent), rent (4 per cent), electricity and interest on bank loan (around 2 per cent each) and depreciation (around 1 per cent). The cost of operation alongwith gross and net sales proceeds is indicated in Table 7.32.

Table 7.32 : Cost of Operation and Net Income of sample Hotels

Sl. No.	Particulars	Amount (Rs. in Lakh)
I	Recurring Cost per annum	
1	Remuneration to workers	0.540 (19)
2	Rent @ Rs. 700 per month	0.120 (4)
3	Electricity	0.060 (2)

4	Materials cereals, milk, sugar, pulses, vegetables, oil, fuel, etc used for preparing various items	2.020 (72)
5	Interest on Bank Loan	0.032 (2)
7	Depreciation of equipment @ 5 %	0.015 (1)
8	Total Recurring Cost	2.787 (100)
II	Gross Income per annum	3.600
III	Net Income per annum	0.813
IV	Net Income per month	0.068

The sample hotels were operating almost all round the year except some unusual circumstances like bandhs and other strike calls. Even then they were doing business for half a day or on a limited scale. The gross income of the sample hotels was estimated to be Rs. 3.600 lakh per annum with daily income being roughly Rs.1000. The net income thus was calculated to be Rs. 0.813 lakh, with monthly net income being Rs. 0.068 lakh. The FRR of the unit was also more than 50 per cent making the unit a viable one.

Financial Viability

7.69 The Financial Viability of the sample service units was analysed by calculating the BCR, FRR and ROI. For the calculation of FRR, the economic life of investment of all sample units was fixed at 7 years. The financial viability is indicated in Table 7.33.

Table 7.33 : Financial Viability of sample Service Units

Sl. No	Particulars	Tailoring Units	Motor Garages	Tent Houses	Computer / Xerox units	Hotels
1	NPV of Benefits @ 15 per cent discount rate	8635.20	7773.69	6661.45	5351.96	1960.94
2	NPV of Cost @ 15 per cent discount rate	6736.30	4937.58	3723.61	3789.39	1435.14
3	BCR	1.34 :1.00	1.57 : 1.00	1.79 : 1.00	1.41 :1.00	1.20 : 1.00
4	FRR	> 50 %	> 50 %	> 50 %	> 50 %	> 50 %
5	ROI	357 %	163 %	105 %	67 %	241 %

7.70 The BCR of the sample tailoring units was 1.34 : 1.00 and the FRR was greater than 50 per cent. The ROI was 357 per cent. The ROI was much higher in view of less investment cost involved in the operation.

7.71 The NPV of benefit and cost of the sample motor garages at 15 per cent discount rate was calculated to be 7773.69 and 4937.58 respectively and the BC Ratio was 1.57 : 1.00. The FRR was more than 50 per cent and the ROI was 163 per cent, making the activity financially viable.

7.72 The FRR was calculated to be more than 50 per cent and the ROI was around 105 per cent in case of the sample tent house units. This was comparatively lower than that of motor garage and tailoring units because of the fact that the working capital requirement of the units were much higher than the first two activities. The BCR was calculated to be 1.79 : 1.00. All these factors make the tent houses a viable activity.

7.73 The FRR of the sample Computer / Xerox units was more than 50 per cent, ROI at 67 per cent make the activity a viable one.

7.74 The sample hotels were financially viable as indicated form the Table 7.46 which shows the FRR to be greater than 50 per cent, BC Ratio 1.20 : 1.00 and Return on Investment at 241 per cent.

Employment Generation

7.75 The service units were generating substantial mandays of employment for hired as well as family workers. The employment generation is indicated in the Table 7.34.

Table 7.34 : Employment Generation in Sample Service Units

Sl. No	Particulars / Mandays Employment Generated per annum	Tailoring Units	Motor Garages	Tent Houses	Computer / Xerox Units	Petrol Pumps	Hotels
1	No. of Hired Workers employed	6	4	1	1	3	3
2	No. of Family Members Employed	1	1	1	1	1	1
3	Employment for Hired Workers (365)	2196	1460	365	365	1095	1095
4	Employment for Family Members (365)	365	365	365	365	365	365
7	Total Employment	2567	1865	730	730	1460	1460

7.76 The sample tailoring units were employing around 6 workers for doing a variety of works including cutting, stitching, hemming, ironing, etc. The entrepreneur usually was supervising the overall management and also looking after the cutting of cloth material and overall designing of the garments. Since the units were working around 28 days a month, the total number of working days amounted to 336 per annum. However, the workers were fully employed for 365 days. The total mandays of hired employment generated by the sample tailoring units amounted to 2567.

7.77 The sample motor garages were employing one skilled staff and three unskilled staff on an average. One notable feature of the motor garage was that the skilled staff after some experience usually established their separate units. With the expansion of two wheelers in rural as well as urban areas, the need for servicing and repairing has increased to a great extent and the motor garages have good potential as not much skill is required for working in the units. The total mandays of labour employment generated by the sample units including that of the family labour amounted to 1865 per annum. This comprised of 365 mandays for the owner and remaining 1460 mandays for the hired workers.

7.78 The sample tent house units were employing one staff for managing the shop and doing other incidental activities. The overall coordination and supervision was carried out by the owner cum beneficiary of the bank loan. Though the units were doing business during the marriage season which lasted for around 4 to 6 months a year, some event or other was being carried out throughout the year. The sample tent houses thus generated 730 mandays of employment per annum, with equal number of mandays being for hired and family labour.

7.79 The sample units were providing employment to one person only and the entrepreneur was himself managing the front office work. The staff was employed to keep an eye on the overall maintenance of the machines. The actual copying and related work was done by the entrepreneur himself. The staff was doing the same only when the services of the entrepreneur was not realized. Since the units were working for almost 29 days a month, the total number of mandays employment generated by the sample Xerox/computer unit was around 365 per annum for hired worker and 365 days for the owner.

7.80 The sample hotels were providing employment to three persons on an average, with the beneficiary himself looking after the overall management. The wages / remuneration given to each of them was different. The cook was paid a monthly wage of Rs. 2500, followed by Rs. 1200 for the serving and Rs. 800 for the cleaning worker. Since the hotel was running for around 360 days per annum, the average mandays of employment generated by the sample hotels amounted to 1460, which includes 365 mandays for family labour and 1460 mandays for hired labour.

Risk mitigating mechanism, Marketing aspects and Sustainability of the units

7.81 It is necessary to give a brief comment on the risk mitigating mechanism adopted by the sample units so as to have better idea about their sustainability. Among the various types of risks associated with the sample units, the important ones are the following :

- Technological Risk indicating malfunctioning / obsolence of the equipments
- Operational Risk indicating the obsolence of the products, competition from others, loss of important customers, etc
- Legal Risk indicating the changes in tax laws
- Natural Risk indicating the natural disasters

7.82 The sample units had no such specific action plan to mitigate the above mentioned risks but nevertheless had their own way of dealing with each of them.

- The technological risk was averted by adopting new technology / purchasing new machinery as and when required. Several units went for upgradation / renovation at regular intervals to become more efficient.
- The operational risk was tackled introducing / selling new products and adopting techniques like aggressive marketing to stay ahead of the competitors.
- The legal risk was an area over which the entrepreneurs did not have any control and hence faced them as and when they came.

- The natural risks affected mostly the agro based units as it reduced the availability of the raw materials for them. The units had no such fixed tie-up arrangement with any agency to get adequate stock of raw materials during that period.

7.83 The sample entrepreneurs had devised their own marketing strategy keeping an eye on the area of operation and type of product. For example some of the weavers had tie up with the weavers' societies whereas others preferred selling the products by themselves at various weekly markets. In some cases, the retail trade owners operated form the shop and at the sametime went to nearby villages to sell the products. The members of one SHG were selling the stationery items at the local market.

7.84 The sustainability of the units depends to a great extent on the capacity of the units to adapt to the changing situations. The rapid change in designs, texture and the nature of the products in the market coupled with the slow adjustment of the weavers to this, makes the handloom sector more vulnerable in the long run. A cluster approach to address the problems of the handloom sector in systematic manner is necessary to make the units sustainable in the long run.

7.85 The interaction with the rice mill owners in Bargarh district also put a question mark on their sustainability. The rice mills involve quite a substantial amount of initial investment and also working capital. The policy announced by the Govt. also play a vital role in the operation of these units. The general engineering units, retail and wholesale trade establishments, petrol pumps and service units have better chance of being sustainable in the long run in view of the general increase in demand for their services.

CHAPTER - VIII

REPAYMENT PERFORMANCE

Credit and repayment are the two issues which are organically linked to each other for the simple reason that poor recovery adversely affects the credit cycle. With growing thrust on arresting lowering NPA norms bar in the Banking Industry, good recovery is the pre-requisite for assessing bank's working efficiency. The present chapter gives an idea about the repayment aspects of the sample branches and sample beneficiaries.

Recovery Performance in Bargarh District

8.2 Before going into the recovery position of the sample branches and sample beneficiaries, it becomes worthwhile to throw some light into the agency-wise recovery position of the district as a whole. The same is indicated in Table 8.1.

Table 8.1 : Agency-wise Recovery Performance in Bargarh District

(in % age terms)

Sl. No.	**Agency / Year**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**
1	DCCB	57	47	61	59	52	60
2	RRB	73	65	29	66	81	83
3	CBs	27	20	50	52	52	52
4	CARD	45	18	27	37	41	51
	Total	**60**	**40**	**47**	**60**	**55**	**65**

The agency-wise recovery performance in Bargarh district as indicated in Table 8.1 indicates a mixed trend during the period from 2000 to 2005, the period during which DRIP was being implemented. The overall recovery percentage has ranged between 40 per cent to 65 per cent during the said period. The recovery performance in the first year of launch of DRIP was pretty low at 40 per cent which gradually increased to 60 per cent in 2003, after which it again dipped to 55 per cent in 2004 and improved to 65 per cent in 2005. A comparative analysis of the agency-wise recovery position indicates that the RRB has exhibited better performance, followed by DCCB, Commercial Banks and CARD Bank.

Recovery Performance of Sample Branches

8.3 The recovery performance of the sample branches for Total Priority Sector (TPS) and NFS activities in percentage terms is indicated in Table 8.2

Table 8.2 : NFS and TPS Recovery Performance of sample Branches

(in % age terms)

Sl. No.	Agency / Year	DCCB		UGB		CBs		Total	
		NFS	TPS	NFS	TPS	NFS	TPS	NFS	TPS
1	2000	40	59	68	61	81	83	63	61
2	2001	35	52	75	63	65	79	66	56

3	2002	28	50	68	57	75	83	62	53
4	2003	11	45	60	63	76	81	56	49
5	2004	14	52	57	64	84	82	50	56
6	2005	22	88	25	26	72	84	26	73

The agency-wise trend in recovery performance of the sample branches for NFS and TPS activities indicates the following :

DCCB

8.4 The recovery performance of the DCCB for both NFS and TPS activities showed a downward trend from the year 2000 to 2003 after which for the next two years i.e. 2004 and 2005, the same improved marginally in NFS sector. But the improvement in the recovery performance of the TPS sector showed marked improvement during the same period. This was one of the reasons for lack of enthusiasm on the part of the DCCB officials to finance NFS activities. The recovery percentage in TPS sector for all the years has been higher than that of the NFS sector.

UGB

8.5 The Utkal Gramya Bank, erstwhile known as Bolangir Anchalik Gramya Bank (BAGB), also showed a declining trend in the recovery performance for the NFS whereas the same for TPS has shown a mixed trend. The performance however dipped to a 26 per cent in the year 2005. The recovery percentage of NFS sector was higher than that of TPS for three years (2000,2001 and 2002) whereas the same was lower than the latter for the rest of the three years (2003,2004 and 2005).

CBs

8.6 The performance of sample Commercial Banks for NFS and TPS activities also showed a mixed trend during the period under consideration. The rate of recovery has varied in the range of 65 to 85 per cent for both the sectors. This performance is much better than other two agencies. Proper appraisal of projects, better monitoring of end use of loans are the main reasons for the better recovery performance of the sample commercial branches. The recovery percentage of the NFS sector was lower than the TPS sector in all the five years except 2004.

8.7 The recovery performance of all the sample agencies for TPS activities taken together reflects declining trend from 2001 to 2003, after which it again shows an upward trend. The performance in NFS sector on the other hand declined since 2001 onwards. The overall recovery percentage in NFS sector for all the sample agencies taken together was higher than that of TPS for four years (2000 to 2003), but it was lower than the latter for two years (2004 & 2005).

Recovery Performance of Sample Units

8.8 Feedback was collected about the repayment pattern of the sample units. The units were broadly divided into regular and irregular category on the basis of their recovery pattern. The beneficiaries having overdues in their term loan account were categorized as irregular whereas those having no overdues were termed as regular. Similarly, those beneficiaries who were having transaction with the bank once in at least two months were taken as regular accounts whereas those not having that much frequency of transaction were termed as irregular. The status of the beneficiaries is indicated in Table 8.3.

Table 8.3 : Recovery Performance of Sample Units

Sl. No	Activity	Regular	Irregular	Total
1	Handloom & Handicrafts related	8 (50)	8 (50)	16 (100)
2	Agro Based	10 (100)	0 (0)	10 (100)
3	SRTO	4 (80)	1 (20)	5 (100)
4	Fabrication	5 (71)	2 (29)	7 (100)
5	Retail Trade	9 (75)	3 (25)	12 (100)
6	Wholesale Trade	7 (88)	1 (12)	8 (100)
7	Service Units	13 (81)	3 (19)	16 (100)
	Total	**56 (76)**	**18 (24)**	**74 (100)**

8.9 The Table 8.3 reveals the following points :

- Around 76 per cent of the units were regular in repayment of loans whereas 22 per cent were irregular in the same.

- The activity-wise break up of the repayment performance shows that all the sample agro based units were regular in repayment of loans. This may be due to the fact that all of them required large amount of working capital and were having large turnover for which their transaction with the banks were regular. Further, the agro based units were established by the experienced entrepreneurs having a comfortable capital base, hence were regular in repayment.

- More than 80 per cent of the SRTO units, wholesale trade establishments and service units were regular in repayment. One reason for this was the higher turnover and better follow up by the bank officials. The proximity of the units to the banks and regular contact of the bank officials with the beneficiaries was putting psychological pressure on the beneficiaries to maintain regular accounts with the banks.

- Around 70 to 75 per cent of the fabrication units and retail trade were having regular repayment whereas 25 to 30 per cent were irregular repayment. The retail trade establishments had limited turnover for which they were not having regular transaction with the banks. The two fabrication units on the other hand were having some industrial relations problems which they were operating below their capacity and hence their recovery performance was affected.

- In the handloom and handicrafts sector only 50 per cent of the beneficiaries were having regular repayment. The handloom weavers / traders / tie & dye manufacturers were approaching the bank sparingly. Most of them had availed the Artisan Credit Card (ACC) and after that the transactions were irregular. The distance from the banks and the limited awareness on the part of the beneficiaries about the necessity of regular transactions were the main reasons behind the irregular repayment performance. All the units however were in operation at the time of field visit.

Demand, Collection and Balance Position of the Sample Units

8.10 The average Demand, Collection and Balance position of the sample units as on 31st December 2006 is indicated in Table 8.4.

Table 8.4 : Demand, Collection and Balance Position of sample Units

(Amount in Rs.)

Sl. No.	Activity	Demand	Collection	Balance	% of Recovery
1	Handloom	10000	4000	6000	40
2	Handicrafts	80000	68000	12000	85
3	Agro Industries	800000	700000	100000	88
4	SRTO	56000	36000	14000	64
5	Fabrication	78000	54000	24000	69
6	Retail Trade	22000	18000	4000	82
7	Wholesale Trade	340000	302000	38000	89
8	Service Units	11000	8000	3000	73

- The activities like Handicrafts, Agro Industries, Retail & wholesale trade show better recovery position at more than 80 per cent. The service units due to their flourishing business shows recovery of 73 per cent. The SRTO and Fabrication units on the other hand indicate a recovery position of 60 to 70 per cent. The handlooms activity shows a dismal recovery performance of only 40 per cent, which had discouraged the bankers to finance similar activity.

CHAPTER – IX

ROLE OF PROJECT PARTNERS

DRIP is a multi partner project involving NABARD as an initiator and banks, State Govt., NGOs / Voluntary Agencies, Developmental Agencies / Institutions as other project partners. The philosophy of DRIP focuses on synergy among all the partners to achieve the objectives and, therefore, a pro-active approach and action is the necessary condition for successful implementation of the project.

9.2 During field visit, interactions were held with managers of 10 sample branches, Lead District Manager, officials of District Administration, GM, DIC, MD, Sambalpuri Vastralaya, NABARD AGM (DD), officials of NGOs and cross section of entrepreneurs. The role of various agencies in the implementation of DRIP and their opinion are analysed in the following paragraphs.

I. Banks

9.3 The bankers have the greatest responsibility in implementing DRIP in terms of meeting the credit requirement of the entrepreneurs identified under the project on the basis of the Potential Survey conducted by professional agencies.

Role Expected

9.4 The role expected of the banks included the following :

- Integrating DRIP action Plan into SAP
- Identifying Potential entrepreneurs/ enterprises
- Adopting Cluster approach in lending
- Ensuring Qualitative lending with closer supervision and support services
- Associating with cluster/block/village level awareness meetings
- Sponsoring potential entrepreneurs to participate in REDPs
- Providing necessary credit to entrepreneurs covered under various promotional schemes
- Deputing field level functionaries to various Training Programmes, Meets / Workshops.
- Improving the access to women/ Promoting & linking SHGs
- Cooperating with promotional agencies for identification of potential entrepreneurs for conduct of REDPs
- Maintaining proper data-base and timely reporting of such data
- Monitoring the DRIP Action Plan at Block / District / State level
- Opening Specialised branches at places having cluster of NFS activities

Observations

9.5 The banks had participated wholeheartedly in the implementation of DRIP in the district. The Orientation Meets / Block Level Awareness Meets, etc were well attended by the bankers. The bankers have through formal and informal sources identified new entrepreneurs. The commercial banks have put emphasis on the Rice Mills and other tiny units like fabrication units whereas the cooperative banks

have identified more of Retail Trade and Service units.
The banks have however not identified any cluster approach in lending in a big way. A group of handloom weavers in a village were assisted under Artisan Credit Card in a village.

Though the banks have played a major role in the promotion of SHG programme, their role in assisting REDP trainees was not very encouraging. This may be due to the fact that very few of the trainees had approached the banks for loans after obtaining the training. They were availing the assistance from the NGO, which had transferred itself into a MFI.

II. Govt. and other Developmental Agencies

9.6 State Govt. was a major partner in the project without whose involvement and commitment not much could be achieved. Industries Department of State Govt. and District Industries Centre (DIC) were the nodal agencies who were actively associated with the implementation of DRIP in the district.

Role expected

9.7 The role expected of the Govt. and its wings include the following :

- Developing a suitable Time-bound Action Plan commensurate with DRIP Action Plan.
- Identifying Nodal officers in concerned departments/ agencies for assuming responsibility for coordinating the implementation of DRIP
- Associating with other partner agencies for bringing synergy in identification of entrepreneurs, sponsoring cases on merit to banks, preparing project profiles, providing technical guidance, ensuring required infrastructure and linkages, positioning of extension staff, conducting training for skill upgradation, etc.
- Developing built-in monitoring system to ensure achievement of project objectives.

Observations

A. State Govt.

9.8 Govt. of Orissa had announced a conducive Industrial Policy Resolution in the year 2001. The crafts based, agro based industries and also small and tiny units were given special thrust in the Policy. The introduction of Land Bank scheme, under which, the govt. land was identified by IDCO in consultation with Collector of the district in potential locations throughout the state and earmarked for industries, interest subsidy of 5 per cent per annum for both new and those going in for modernization, single window project clearance system were some of initiatives announced by the Govt. in order to bring about rapid industrialization in the state. Theses industry friendly policies had encouraged the entrepreneurs in Bargarh district also.

However, the participation of the state govt. in the implementation of DRIP was not very exemplary.

The first SLRC was held after a lot of follow up under the chairmanship of Chief Secretary cum Development Commissioner. No further SLRC to review the implementation of the project in Bargarh district was held afterwards.

B. District Administration

9.9 At the district level, the District Collector and Project Director, DRDA were found to be extending full cooperation towards the implementation of DRIP. But they were more concerned about the review of the programme, never giving same credential to DRIP as given to other programmes like SGSY and PMRY. The project was always treated as NABARD's programme.

C. **Role of DIC**

9.10 DIC is supposed to be the nodal agency for industrial development of the district but field level feedback suggest that the DIC is more concerned about sponsoring of applications under Prime Minister Rojgar Yojana. DIC's role in associating with other partner agencies for bringing synergy in identification of entrepreneurs, sponsoring cases on merit to banks, preparing project profiles, and providing technical guidance, providing infrastructure, linkages and extension support has been marginalised, particularly, in wake of precarious staff position and financial problems of the State Govt.

The DIC, Bargarh has identified various industries / business as thrust areas. Motivational campaigns were organised every year in each block of the district to identify the prospective entrepreneurs. Entrepreneurship Development Programmes were also organised by the DIC on various activities

As per the latest DIC records (31stMarch 2007), there were about 2589 SSIs, 8 Large and Medium Industries (3 of which have been closed) in Bragarh district. Only one cluster i.e. of Rice Mills has been identified in the district but not much work has been done on this.

C. KVIB/KVIC

9.11 KVIB/KVIC have a very crucial role to play in the path of rural industrialisation as they provide substantial amount of subsidy for setting up of such units. However, their targets are limited by number and quantum of subsidy, about 25-30 cases in the district. Issue for increasing allocation of higher subsidy and giving more targets for setting up of new units can be taken up with KVIC / KVIB at National / State level forums.

D. Directorate of Textiles

9.12 The officials of Directorate of Textiles (DoT) were participating in the meetings and their involvement in the implementation of DRIP was purely academic in nature without any fixed responsibility as far as targets are concerned.

III. NGOs / Voluntary Agencies (VAs)

Role expected

9.13 The success of DRIP depends upon the active cooperation received from VAs / NGOs. The following role was expected from these agencies :

- Participating as Co-partners in achieving the Goals set out under DRIP.
- Taking up implementation of credit related Promotional Programmes viz. Conduct of REDPs, Setting up Training cum Production Centres (TPCs), Mother Units, Common Service Centres, Artisan Guilds, Assistance to Rural Women in Non Farm Development (ARWIND), Marketing / Technology Development interventions, Rural Development Communications, Formation and Linking of SHGs, etc.
- Providing Escort Services to the potential entrepreneurs under REDPs
- Playing catalytic role in boosting RNFS and propagating DRIP message.

9.14 During the implementation of the project, association was formed with a number of NGOs of which three were most prominent.

1. Bharat Integrated Social Welfare Agency (BISWA)
2. Manav Adhikar Seva Samiti (MASS)
3. Grameen Development Society (GDS)

1. Bharat Integrated Social Welfare Agency (BISWA)

9.15 Bharata Integrated Social Welfare Agency (BISWA), was registered under Societies Registration Act vide regd. No. 4824 –22 / 95-96 dt. 15th July 1995. Originally constituted to strengthen economic capabilities of the community through thrift, mobilization of savings, internal credit systems, establishing linkages with Financial Intermediaries, the Agency has now graduated to include health, sanitation, human rights, education, environment, care for aged and disabled, social rehabilitation, etc. under its area of operation. The Agency has turned into a behemoth organization having 450 staff engaged at field as well as headquarters level, operating in around 15 districts of Orissa. It is aggressively trying to enter into all the 30 districts of the state.

9.16 Apart from getting funds from the State govt. agencies like State Social Welfare Board, district level Municipalities, DRDAs, BISWA is getting funds from national agencies / organizations like Entrepreneurship Development Institute of India, Ministry of Health & Family Welfare, Environment & Forestry, Central Social Welfare Board, Textile Ministry, State Bank of India, NABARD, Mahila Vikas Sambhabya Nigam, etc. The Agency has also some international donors like Sight & Life, Diakonia, Care, SEEDS, ABHA, etc. During the implementation of DRIP, all possible cooperation were received from the Agency in conducting various programmes. The NGO was associated with the construction of a Common Facility Centre (CFC) at Katapalli village for Brass and Bell Metal Works. The center is expected to facilitate a cluster for the Brass and Bell Metal activity in line with the cluster at Rengali in Samblapur district.

2. Manav Adhikar Seva Samiti (MASS)

9.17 The Agency since its inception in 1988 has been working with poor tribal, under privileged people in the western part of Orissa including Bargarh district. The Agency was initially involved in the micro finance activity and gradually ventured into other areas. It was fully involved in the implementation of DRIP during the initial years and had attended the PCGC meetings, participated in the Orientation Meets / Product Development Workshops, etc. The first two REDPs to be conducted in the district were also awarded to the Agency. But towards the later stage, it did not show much interest in the implementation of DRIP.

3. Grameen Development Services (GDS)

9.18 Grameen Development Services (GDS), a Bargarh based NGO was associated with DRIP for a brief period. During the year 2000-01, a Product Development Workshop on Textiles was held at Bheden block in association with GDS. A total of 43 participants had attended the workshop wherein two master craftsmen had given the technical expertise. The workshop had aimed at development of new designs related to textiles. However, after these workshops, the Agency did not participate in any other major event / programme.

9.19 The overall feedback about the involvement of NGOs in the implementation of DRIP can be summed up as the following :

- The NGOs had initially expressed the willingness to be associated with DRIP. But with subsequent passage of time due to various factors, the association was not sustained in the similar committed manner. For instance, MASS had availed only 78 per cent of grant sanctioned for conducting REDP, even after repeated follow up by the AGM (DD), NABARD.

- Further, with the multiplicity of agencies offering grant assistance to the NGOs for variety of activities in the district, the close association with them as expected could not be maintained.

General Observations on Implementation of DRIP

9.20 Information about their perception on implementation of DRIP was collected from all these project partners through a questionnaire. The views / opinions were collated and the following major points emerged from the same :

All the respondents agreed that implementation of DRIP has given a boost to the non farm sector activities in the district and favoured promotion of new direct non farm investment and resulted in employment generation in rural areas.

☐ The opinion of the bankers on improvement of recovery performance after the implementation of DRIP however was divided.

CHAPTER – X

IMPACT OF PROMOTIONAL PROGRAMMES AND OTHER INTERVENTIONS

NABARD recognizes the promotional programmes as an essential adjunct to its core refinancing function. The objective of various promotional programmes is to generate or enhance opportunities for livelihood both in terms of income and employment in rural areas in a sustainable, demonstrative and cost effective manner. The major promotional concepts evolved by NABARD includes the Rural Entrepreneurship Development Programme (REDP), Assistance to Rural Women in Non Farm Development (ARWIND), Assistance for Marketing of Non Farm Products of Rural Women (MAHIMA), Cluster Approach, Rural Haats, etc. Apart from that the training of PLIs and other partner agencies has been a thrust area under DRIP implementing strategy. Various training programmes / workshops e.g. PLI training, GOPP, Sensitisation / Orientation workshops for NGOs/ Banks/ Govt. officers, etc were conducted in Bargarh. In order to assess the impact of these programmes, a sincere effort was made to get the feedback from all project partners. During study a number of bankers, Govt. officials, NGOs were contacted and their opinion was sought on content, quality and effectiveness of the programmes. Lot of efforts were put into this exercise because it was necessary to know what others think about how other partners receive and view these programmes and whether there is there any need to redesign or realign the same.. The feedback on other promotional initiatives including that of REDPs and Rural Haat are indicated in the present chapter.

I. Assistance to Rural Women in Non Farm Development (ARWIND)

10.2 In order to bring about greater coverage of rural women in non farm development, a scheme for assistance to Rural Women in Non Farm Development (ARWIND) was evolved, primarily for the rural women through VAs / WDCs / KVIC / KVIB or other register institutions including cooperatives, trusts or any corporation set up by Central / State Govts. for the purpose. Eventhough a lot of effort was made to promote the scheme in the district, not a single proposal could materialize.

II. Assistance for Marketing of Non Farm Products of Rural Women (MAHIMA)

10.3 With a view to develop a ‘niche’ or ‘pro-women’ market, promotional assistance is available from NABARD for meeting broadly the expenses towards initial market survey, engaging marketing consultants, capacity building, quality upgradation, packaging, labeling, branding, advertising, preparation of catalogues, marketing training, organization of fairs, exhibitions, etc. under MAHIMA. However, no such initiative could be taken up in Bargarh district, though a large number of women SHGs were working in the district.

III. Cluster Approach

10.4 DRIP envisages the adoption of cluster approach through preparation of cluster profiles, organization of Product Development Workshops, Integration Meets, etc. Bargarh district had potential for the development of Handloom Cluster due to its traditionally strong weavers base. Similarly, the district had potential to develop cluster on Brass & Bell metal due to the presence of substantial number of artisans and also its proximity to the Rengali cluster on the same craft in Sambalpur district. However, as of now no such initiative has culminated into any thing concrete. Despite wholehearted efforts by the AGM (DD), NABARD, in the district, the suitable proposal for the same could not be scouted.

10.5 The response from the NGOs in this regard in the district was not very exemplary. The NGOs associated with the implementation of DRIP, except one, could not maintain sustainable relationship with NABARD. However, major breakthrough has been made in the district after the inclusion of Bargarh in the Handloom cluster developed by the Ministry of Textiles, Govt. of India. The development of Common Facility Centre for Brass & bell Metal at Katapalli by BISWA is another positive outcome of the initiatives taken by NABARD. Though NABARD has not been directly associated with the funding of the center, it has extended assistance for conducting three REDPs on a phased manner so as to train 60 artisans new designs and thereby upgrade their skills.

IV. District Potential Survey (DPS)

10.6 The conduct of DPS by in-house team was a step in right direction however, the synchronization of the same with BLBC with DPS team members attending the same would have helped the incorporating the views of all project partners. It would have created necessary awareness in the banks / line departments of Govt. from the very conceptualization of the programme.

V. GOPP

10.7 It was not possible to draw any correlation between the DPS and GOPP as only potential activities were suggested in the former whereas the broad categories of activities alongwith credit flow for the same were worked in the latter. This may be due to the fact that while DPS is a much more comprehensive exercise conducted with wider horizon, in GOPP, a handful of participants draw up the plan based on their own perceptions.

VI. Primary Lending Institution (PLI) Training Programme

10.8 The inputs of PLI Training Programmes were instrumental in increasing the flow of credit to RNFS in the district over the years. Keeping in view the difficulties faced by the banks to depute officers for longer periods due to adoption of VRS and consequent reduction of officers in branches, the duration of training programme was reduced to3 days. The course module / contents were also revised by including certain new topics like credit marketing, credit dynamics, team building, etc to make the programme user friendly. The feedback of the PLI trainees trainees brought out the following positive and negative features :

Positive Features

- The training had provided motivation and encouragement to the branch managers to take lead role in rural NFS financing.
- The training on project appraisal had made the managers especially of CCBs confident enough to venture into new areas and this has in fact made the DCCB quite pro-active in

financing the NFS activities.

Negative Features

- The trainees mainly the CCB branch managers were of the opinion that the training if provided increasingly using the local language will be more useful.
- The trainees were of the opinion that the programme should be more of experience sharing in nature and focus on the local potential of the area. The inputs need to be more practical and less theoretical. This will help the branch managers in identifying and appraising the opportunities in their area of operation. For this it is necessary that the faculty providing training should have a sound knowledge in local situations and so may be local centric.

Thus, though the programme was well received by Coop. Banks and RRBs, to make it attractive for commercial banks, it needs certain modifications as suggested below

Suggestions

(i) The training programmes offered under DRIP, should be need-based keeping in view the local needs and potential thereof. It was observed from the feedback records of the PLI training programmes that most of participants from Commercial banks were already quite familiar with sessions on many general terms, methodologies, etc. The Cooperative banks on the other hand have been initiated recently into NFS lending and have limited exposure to these terms and systems. It would be more effective if there were two streams of programmes - one for Coop. and RRBs for whom the existing schedule may continue, with more inputs on experience sharing with officers/managers who have done good job under NFS financing..

(ii) The programme for commercial banks need to be redesigned. Topics like appraisal, ratio analysis, estimation of working capital, etc. were considered as less useful by commercial bank officers / managers as each bank has its own systems and procedures and their own training system is capable of handling these issues. It would be better to conduct one or two day programme with focus on potential in the district, experience sharing with successful entrepreneurs / leading branch managers / officers of banks who have done good work under NFS financing. The consensus was in favour of more practical inputs. More importantly, there is a need to convince the Controllers of the banks regarding utility of the training programme.

(iii) It would be a better option to equip the RO officials with training inputs for conducting PLI programmes in DRIP districts as in line with the ODI facilitators. This would meet the local centric requirements of the programme.

(iv) Project profiles on various potential NFS activities suitable for local areas could be developed by NABARD for use at work situation by the trainees.

VII. Block - Level Awareness Programmes

10.9 The Block Level Awareness Programmes have enormous importance in creating necessary awareness and increasing credit flow for the simple reason that they are conducted at the ‘point of delivery’. Eventhough the programmes were organised on a regular basis and were well attended, the attention on the following points would make them more effective :

(i) The discussions held in the programmes were of general nature. It would be better if the discussions are more of ‘structured’ in nature. A set agenda for these programmes may be thought of.

(ii) As these programmes are held simultaneously with BLBCs, primarily to facilitate the nomination of persons from their controlling offices, DDMs in DRIP districts may be advised to attend as many BLBCs as possible which would in turn increase the number of these programmes.

VIII. State Level PCGC Meets

10.10 Convening the State level Project Coordination & Guidance Committee (PCGC) meetings at half-yearly interval under the chairmanship of the Secretary, Industries Deptt. of State Govt. to coordinate / oversee and guide the project on a regular basis will ensure sending proper message down the line, particularly to the District Administration and DIC / KVIB, to support the project at district level and implement the road-map for infrastructure development and financial package for rapid industrialisation of DRIP districts.

IX. Orientation Meet for Senior Officers/Sensitisation Programme for Banks / VAs / NGOs / Awareness Meets with VVV / KVKs etc. / Meets with NGOs / Trade Bodies, Product Development Workshop, Gender Sensitisation Meets, etc.

10.11 A total of 58 such programmes were organised during the tenure of DRIP. The feedback form the participants in these programmes suggested the following :

(i) that instead of having such a large number of programmes, it would be better to restrict them into two sub-heads (a) Programme of Project Partners (b) Programmes for Entrepreneurs. The following steps may go a long way in increasing the effectiveness of the programme :

(ii) A special training programme for DRIP district DDMs / RO staff could be introduced at NBSC / BIRD, covering all aspects pertaining to these promotional activities, with a special focus on imparting such valuable inputs to the trainees so as to enable them to conduct such promotional activities successfully in the DRIP districts.

(iii) More efforts on publicity material for DRIP are required for awareness creation and generating interest in the project. NABARD could even think of joint publicity for DRIP as done in case of KCC by providing assistance to banks under CDF. Posters on DRIP philosophy, depicting information regarding availability of bank loans for RNFS, Swarojgar Credit Scheme etc. can be circulated amongst all branches in the DRIP districts for display within branch premises. This will certainly create more visual impact regarding DRIP amongst bankers and prospective borrowers.

(iv) In order to conduct Activity specific promotional programmes e.g., Product Development Workshops, services of NABARD officers at RO / districts or even outside consultants could be utilised. Officers with Agriculture Engineering, Agriculture /

Horticulture and Agro-processing background could be associated for conduct of such programmes in DRIP districts.

X. Feedback on Sample REDPs

10.12 Rural development more than ever before is linked to entrepreneurship. Institutions and individuals promoting rural development now see entrepreneurship as a strategic development intervention that could accelerate rural development process. The entrepreneurial orientation to rural development accepts entrepreneurship as the central force of economic growth and development, without which other factors will be wasted / fritter away.

10.13 Entrepreneurship orientation to rural development, contrary to development based on bringing in human capital and investment from outside, is based on stimulating local entrepreneurial talent and subsequent growth of indigenous units / activities. This in turn creates jobs, adds economic value to a region and community keeps scarce resources within the community.

10.14 Realising this, NABARD introduced Rural Entrepreneurship Development Programme (REDP) for entrepreneurship development of the target group in a few states with the objective to support capacity building among rural youths to develop enterprises. Later on, it was extended to all the states. The programme has been in operation in Orissa since 1997-98 and as on 31st March 2007, as many as 297 REDPs were sanctioned, out of which, 253 were completed, for which grant assistance of Rs. 146 lakh were extended from NABARD.

10.15 A total of eight REDPs were sanctioned during the implementation of DRIP in Bargarh district. The study team contacted the NGO, Bharat Integrated Social Welfare Agency (BISWA) and visited 3 REDP training sites, interacted with around 25 beneficiaries of the training programmes. The details of the REDPs covered under the study is indicated in the Table 1.

Table – 1 : Status of Sample REDPs

Sl. No.	Activity	No. Trainees Enrolled	No. completing Training	Loans Availed (Rs. Lakh)	Average Loan per trainee (Rs. Lakh)	No. of Trainees pursuing the Activity as on date of field visit
1	Readymade Garments	20	20	1.80	0.09	4
2	Tie & Dye	30	30	4.28	0.14	30
3	Brass & Bell Metal	20	20	2.18	0.11	20

REDP-wise feedback is given in the subsequent paragraphs.

1. REDP on Readymade Garments

10.16. The REDP on Readymade Garments was sanctioned to BISWA in July 2002, with grant assistance of Rs.58,000/-. It was envisaged that 20 rural women would be given 45 days of training for cutting, stitching of ladies garments in the Diptipur village. BISWA had arranged for a trainer and was providing cloth material. The training programme was completed in the month of March 2003. All the trainees had completed the training. The trainees had organised themselves into a Self Help Group. BISWA has turned into a Micro Finance Intermediary and advanced Rs. 1.80 lakh to the trainees for purchase of sewing machines. The average loan per trainee was calculated to be Rs. 0.09 lakh.

10.17. At the time of the field visit, only 4 trainees were pursuing the activity. During the training period, BISWA had provided 8 sewing machines and the same were left with the trainees even after the completion of the training programme. It was also placing order with the ladies and providing material for various items.

10.18. At the time of field visit, only 4 of the trainees who had their own sewing machines were pursuing the activity from home. Nobody had established any shop / retail outlet after getting the training. Since the ladies trainees were doing the job work for the NGO, they were of the opinion that the sewing machines would remain with them permanently. The NGO on its part had neither informed them about the necessity of purchasing sewing machines of their own, nor monitored the end use of the assistance extended to them. This has affected the utility of the whole training programme as only 20 per cent of the trainees were pursuing the activity.

2. REDP on Tie & Dye

10.19. A sum of Rs.39,500/- was sanctioned and disbursed to BISWA during the year 2004-05 to provide training to 30 members on Tie & Dye. The training on new Tie & Dye designs was imparted for 45 days. A master weaver was hired by the NGO and the programme was conducted in the house of a local village head. The trainees were given a stipend of Rs. 10/- per day. The trainess had organised themselves into Self Help Groups and availed a loan of Rs. 4.28 lakh from BISWA in the year 2007, with the average loan per trainee being Rs. 0.14 lakh.

10.20. The training programme had given the traditional weavers better exposure and resulted in enhancement of their skills. All the 30 trainees were pursuing the activity as informed by the group members present at the time of interaction with the study team. This was so, because handloom related activities were the traditional activity of the trainees and hence they were using the training in their work field.

3. REDP on Brass and Bell Metal

10.21. An amount of Rs. 38,000/- was sanctioned and disbursed to BISWA for conducting a REDP for 20 trainees on Brass and Bell Metal in Katapalli village in the year 2004-05. All the trainees were in the age group of 25 to 35 years and were traditionally engaged in Brass and Bell Metal activity. The trainees had received a stipend of Rs.300/- per month for the training period. BISWA had provided rent of Rs. 1500/- for the workshed in which the training was imparted. The electric motor used for the training programme was also provided by BISWA. The fine techniques, new designs, new items were taught to the trainees. The trainees were doing the job work for different shops, temples and other establishments. The clay was procured form river bed and stored for three months or so. The trainees had organised themselves into two SHGs and availed a total loan of Rs. 2.18 lakh from BISWA. The average loan per trainee worked out to be Rs. 0.11 lakh. BISWA was developing a Common Facility Centre (CFC) near the village so as to facilitate the establishment of Brass and Bell Metal Cluster in future.

Evaluation of Sample REDPs

10.22. It will be worthwhile to set some parameters of effectiveness and impact of sample REDPs. Accordingly,

Effectiveness of REDPs is measured in terms of :

- number of new enterprises created by the trainees

the type of emerging entrepreneurship
creation of valuable units by trainees

Impact of REDPs measured in terms of their impact on

- the community in terms of changing attitude towards entrepreneurship career and REDPs

These criteria were broadly covered under the performance of the REDPs as indicated under the following paragraphs :

A. Selection of NGO

10.23. The NGO, BISWA had conducted all the three sample REDPs. It had reasonably good track record in conducting REDPs. The agency had already received grants from NABARD for earlier REDP programmes in other districts. There was no change in the Bye-laws of the agency and no discriminatory provisions in the same, with regard to the receipt of grants. The agency had submitted the detailed Income and Expenditure Statement for three previous years. It had the professional and organizational competence to plan, execute and monitor REDPs. Since the agency had conducted earlier REDP programmes successfully, it was rated favourably by the DDM and the RO.

B. Selection Procedure of Trainees

10.24. The selection of trainees was done by the selection committee one month before the starting the programme in case of two REDPs (tie & dye and brass & bell metal) and soon after the sanction of the programme in case of Readymade garments. The coordinators of the NGO made household survey of the identified village to shortlist the local artisans / ladies who had the capabilities to become successful entrepreneurs. Since weaving and brass & bell metals were traditional activities and the ladies had inclination towards stitching, the selection of the trainees was comparatively easier.

10.25 The average age of the trainees was 20 years, 25 years and 29 years in case of REDP on Tie & Dye, Brass and Bell Metal and Readymade Garments respectively. All the trainees of Tie & Dye and Brass and Bell Metal had studied upto Class – 10 whereas all the trainees of Readymade Garments had studied upto Class-7.

C. Duration of the Training Programme

10.26 The duration of all the three sample REDPs varied in the range of 4-8 weeks depending upon the nature of the activities. The training on Tie & Dye and Readymade Garments were of 4 weeks whereas that of Brass and Bell Metal was of 8 weeks. All the sample trainees expressed the opinion that the duration of the training was sufficient.

D. Training Inputs

10.27 The trainees were provided inputs like raw materials, tools, equipments and also the stipend during the training period. None of the three training programmes had included the accommodations and conveyance charges for the trainees in the programme. No exposure visit was organised during the programme.

E. Incentive Paid to the trainees

10.28. An incentive of Rs. 300/- per month per trainee i.e. Rs. 10/- per day per trainee was given to each of the trainees during the training period in case of all the three REDPs. Since the trainees were from the same village where the training programme was conducted, no commuting cost was involved in attending the programme. Since some of the sample trainees were engaged in the activity on a temporary basis during the pre-training period and getting remuneration less than the stipend given during the training programme, no opportunity cost was involved in attending the training programme. The incentive amount was used as pocket money by them.

F. Role of NGO

10.29. The NGO had relatively better experience in conducting REDPs and hence, it had better understanding of concepts, made considerable effort in pre and post training phases. The training was imparted in a rented house and the training course was rated as adequate by the participants. The raw materials purchased for training was fully exhausted during the training period and tool kits were not provided to the trainees. The NGO had appointed a district coordinator to look into all the aspects of training and assisted the participants in preparing the individual projects. The training module put more emphasis on the skill development with more than 90 per cent of the training devoted for the same and only 10 per cent of the training days devoted to entrepreneurship development.

10.30 The NGO prepared the REDP proposal, budget estimates, designed the schedule, identified the channels for procuring raw materials, etc. After getting sanction from NABARD, the NGOs had to scout for trainees, constitute the Project Implementation and Monitoring Committee (PIMC), arrange for training venues and other logistic programmes, etc.

10.31 In case of REDP on Tie & Dye the time gap between the sanction and commencement of the training programme exceeded stipulated period of three months whereas for Readymade Garments and Brass and Bell Metal the formalities were complete within 3 months.

10.32 Thus the role of NGO in the REDP encompass both the pre and post training aspects. The NGO provided all the inputs required for the conduct of the training programme, develop the skill through the Master Crafts Man (MCM), introduced the basic management, production planning and control simple market management, etc.

G. Escort Services

10.33 As per the norms, the NGO have to provide escort services to the trainees at least for two years after the completion of the training programme, with 25 per cent of the grant assistance to be released after satisfactory escort services are provided to the trainees. In case of all the three sample REDPs, the system was followed and the amount was released after the NGO had provided the requisite escort services.

H. Adequacy of assistance

10.34. The analysis into the pattern of assistance reveals that around 80 to 83 per cent of the amount proposed by the agency for conducting the REDPs was approved. The major items like toolkits / capital equipment and stationery / administrative expenses were not considered as admissible items, eventhough they were proposed by the NGO. The NGO was of the opinion that the escort services should have been increased as a permanent coordinator was appointed for each of these programmes, involving some cost on the part of the NGO. Further, the remuneration of Rs. 3000/- to Rs.3500/- as provided to Master Craftsman was considered as insufficient by the NGO.

I. PIMC Meetings

10.35. The Project Implementation and Monitoring Committee (PIMC) was constituted for each of these three REDPs with DDM, NABARD, District Coordinator, Senior Officer of the concerned Department, Banker, Master Craftsman and one of the trainees as members. The meetings were held regularly during the implementation of the programme so as to give important inputs for enhancing the utility of the programme.

J. MIS on REDPs

10.36. The Management Information System (MIS) on REDPs were submitted to NABARD by both the Implementing agencies and the DDM, NABARD.

The MIS forwarded by the NGO included the following :

A-1 : Indicates the details of the REDP, pre-training steps initiated, constitution of PIMC, etc. and is submitted two weeks before the commencement of the classroom training alongwith the request to release the first instalment.

A-2 : Indicates the details about training programme, specific sessions, faculty position, details of PIMC meets, etc and is submitted in the first week of commencement of training programme alongwith the request to release 2nd installment.

A-3 : Indicates the details of trainees completing the training, submitting project reports, receiving credit from the bank, etc and is submitted within one month after the completion of training programme.

A- 4 : Indicates the bank linkage aspects covering the applications received, sanctioned, rejected, follow up action taken, etc. and is submitted after every six months upto two years of completion of the training programme.

K. MIS submitted by the DDM, NABARD

10.37 Following two statements were submitted by DDM, NABARD to indicate the status of REDP.

R-1 : Provides comments on various aspects of training including infrastructure, teaching aids, training module, reading material, training kit, training schedule, etc. and is submitted after field visit in the first week of training programme.

R-2 : Provides the over all feedback on the training programme and is submitted after the completion of the programme.

10.38 The statements were submitted as per the time schedule in case of the two REDPs i.e. Readymade garments and weaving. But there was delay in submission of the same with regard to the REDP on Brass and Bell Metals as all the four statements were submitted by the NGO at a time, more than six months after the completion of the programme. For this reason, the first installment was released one year after the completion of the training programme.

Impact of REDPs

A. Skill Development

10.39 Among the 25 sample REDP trainees, 18 (72 per cent) were not having any previous experience in the activity whereas 7 (28 per cent) of the trainees had the prior exposure to the activity. All the 25 trainees expressed opinion that the training programme had resulted in improvement of their skill. The weavers had learnt new designs, the trainees of brass and bell metal and Readymade garments learnt the making of new items.

B. Employment

10.40 In the pre training period none of the sample trainees was gainfully employed. In the post training period however 20 trainees (80 per cent) were pursuing their respective activities. The ladies receiving training on readymade garments were employed / working for 1 – 2 hours per day that too for 10-15 a month, thus making it partial employment. The trainees of brass and bell metal and tie & dye were however gainfully employed. But none of them had established their own independent venture.

C. Income Generation

10.41 Since none of the sample trainees of Readymade garments were gainfully employed prior to the training programme, the pre-training in come was calculated as nil for them. In the post-training period, the whole of the earning was taken as the incremental income. For the Tie & Dye and Brass and Bell Metal the pre-training income was however positive. The average incremental income per trainee per month is indicated in the Table 10.1.

Table 10.1 : Average Income Generation per Trainee per Month

(Rs.)

Sl. No	Name of the REDP	Pre-training Average Income	Post-training Average Income	Incremental Income	Number of Sample Trainees
1	Tie & Dye	200	1400	1200	10
2	Brass & Bell Metal	200	800	600	10
3	Readymade Garments	0	200	200	5
	All REDPs	**160**	**920**	**760**	**25**

Thus the REDPs had brought about positive incremental income for the sample trainees. The average incremental income per month was Rs. 760. The average annual incremental income per trainee was Rs. 9120.

D. Entrepreneurship Development

10.42 The basic aim of the REDP was to develop the entrepreneurship among the rural youth so that they can take up a vocation keeping in mind the skill acquired during the training programme. The REDPs on Brass and Bell Metal and Tie & Dye had succeeded to a certain extent in doing so as all the sample trainees were pursuing the activity whereas the training on Readymade garments had not succeeded in achieving the same.

E. Costs and Benefits of REDPs

Costs of REDPs

10.43 For assessing the impact of REDPs, the cost of REDPs was confined to the cost incurred by NABARD only. The average pre-training income was Rs. 160 and the trainees were getting a remuneration of Rs. 300 per month, hence, the opportunity cost of the trainees was nil. Similarly, the Master Crafts Man was getting higher remuneration than the one he was receiving in earlier employment and the same was not included as part of the cost. The cost of REDPs however included the administration cost of NABARD @15 per cent of the disbursed amount. The cost of sample REDPs is indicated in Table 10.2.

Table 10.2 : Cost of sample REDPs

Sl. No.	Name of REDP	Sanctioned Amount (Rs.)	Disbursed Amount (Rs.)	Total No. of Trainees
1	Tie & Dye	39500	39500	20
2	Brass and Bell Metal	38000	38000	30
3	Readymade Garments	58000	58000	20
	Total	135500	135500	70
	Average	**45167**	**45167**	23
	Cost per REDP incl.		**51942**	

	admin. costs of NABARD @15%			

The average cost per REDP inclusive of the administrative cost of NABARD @ 15% amounted to Rs. 51942/-.

Benefits of REDPs

10.44 The benefits of the sample REDPs was measured by taking into consideration the following points

- No sample trainee had taken up any enterprise, hence, the incremental capital formation was nil.
- No additional income accrued to the entrepreneurs due to the production of additional inputs as no trainee had turned entrepreneur.

Hence, the average benefits from the REDPs equals the incremental income accruing to the sample trainees i.e. Rs. 9120/- per annum @ Rs. 760 per month.

F. Viability of sample REDPs

10.45 The sample trainees of 25 constituted 36 per cent of the total trainees of the REDPs. The income for the REDP amounts to Rs. Rs. 75514/- from second year onwards. The viability of the REDPs was calculated by estimating the Economic Rate of Return (ERR) of the programme and the same is presented in Table 10.3.

Table 10.3 : ERR of Sample REDPs

Sl. No.	Particulars	1st Year	2nd Year onwards
1	Capital Cost (Rs.)	51942	0
2	Recurring Cost (Rs.)	0	0
3	Total Cost (Rs.)	51942	0
4	Average Incremental Income (Rs.)	0	9120*23*0.36
5	Net Average Incremental Income (Rs.)	- 51942	75514
6	No. of years the skill to be actively pursued	10	
7	ERR	Very high returns	

The ERR of the sample REDPs was estimated to be very high.

G. Credit and Market Linkage

10.46 All the trainees of Brass and Bell metal and tie & dye were self-employed. Only one trainee of weaving had set up a shop in the nearby block headquarters. The NGO itself had taken the lead in establishing the tie up with the banks and extending loans. The average bank loan per trainee was Rs. 0.09 lakh, Rs. 0.14 lakh and Rs. 0.11 lakh for the Readymade Garments, Tie & Dye and Brass and Bell Metal respectively. The NGO has itself turned into a Micro Finance Institution and extended assistance to the trainees.

H. Future Plan of the NGO

10.47. The NGO was in the process of establishing a Training cum Production Centre (TPC) for brass and bell metal at Katapalli to help the artisans in producing finer objects with semi-mechanised process. It is an attempt to solve common problems like raw materials, marketing, new designs and finance. A cluster approach was being followed in this regard. There were about 280 enterprises of brass and bell metal in the village providing employment to nearly 1500 people. The center started with a diagnostic study of all 280 enterprises in the area and on the basis of the feedback, the agency provided exposure visit to a group of artisans to Moradabad to know about various technological aspects of the activity.

10.48 From the above observations, it may be concluded that the REDPs were no doubt well organised. Being the traditional activities of the trainees, it had helped them in value addition. But the success rate in case of Readymade Garments may be considered to be not so satisfactory. The poor performance of the trainees of the trainees of the programme may be largely attributed to the lack of proper follow up on the part of the NGO. The NGO had not taken initiative to ensure the proper utilisation of loans taken by the trainees. The latter in turn had used the loan amount for some other purpose which had not yielded continuous returns. The NGOs themselves should monitor the trainees / keep contact with them after the completion of the programme, more so when they have obtained loans. The situation becomes critical when the NGOs themselves turn into MFIs and extend financial assistance to the trainees who have formed SHGs.

10.49. The following few suggestions would go a long way in making the REDPs more effective.

- The training programmes on new designs, which are more intricate and involve fineness should be conducted.
- A Common Facility center (CFC) having all the requisite equipment, material, master craftsman / weaver should be opened in the block headquarters where REDPs are conducted to facilitate the production and marketing aspects.
- More number of training days should be devoted for training on entrepreneurship development initiatives.
- A detailed evaluation of REDPs need to be conducted so as to determine their impact and effectiveness.

XI. Feedback on the Rural Haat

10.50 Rural haats are an integral part of the rural market system and strengthening of the same will have a positive impact on the marketing of rural non farm products. Though NABARD had initiated the assistance for setting up of rural haat since the year 1998, it was decided to extend grant assistance to two Gram Panchayats in each DRIP district for setting up of new / strengthening of existing rural haats in the year 2001. The grant assistance was fixed at 80 per cent of the total project cost or Rs. 2.00 lakh, whichever was less.

10.51. As a corollary to this, two proposals for strengthening of rural haats (Chakerkhend and Ghess) were received from PD, DRDA of Bargarh district. Both the proposals were scrutinized at the RO level and the one with regard to the haat at Ghess was not found to be suitable for grant assistance. The second one at Chakerkhend was considered favourably by the Regional Office as it fulfilled all the criteria stipulated by NABARD.

10.52. Chakerkhend Gram Panchayat (GP) consists of seven revenue villages and generated income in the range of Rs. 24,000 to Rs. 26,000 per annum during 1999-00, 2000-01 and 2001-02 through collection of fees, letting out Govt. tanks for pisciculture and govt. grants. The revenue generated was utilized for public utility and strengthening rural infrastructure. The haat was functioning earlier on a land of around 0.34 acres and the revenue earned from it was around Rs. 2500 per annum. The land was transferred by the Revenue Department to the GP. The site was selected on the basis of its proximity to NH-6 and increasing trend of volume of business, etc. by a team of officials comprising of PD, DRDA, BDO, members of GP in consultation with AGM (DD), NABARD.

10.53. The provisions for strengthening the existing haat included the following :

- Brick Boundary Wall
- Raised Plat forms for accommodating traders
- Provision of drinking water by sinking tubewell
- Sanitary arrangement by constructing two urinals, one each for ladies and gents
- Fixing signboards indicating the particulars of the haat

10.54. The item-wise cost of various infrastructure provided in the Chakerkhend haat alongwith the pattern of financing is indicated in Table – 10.4..

Table 10. 4 : Item-wise Cost of Infrastructure and the Pattern of Financing

Sl. No.	Particulars	Amount (Rs. in Lakh)
1	Brick Boundary Wall	1.30
2	Raised Platforms	0.70
3	Sinking Tubewells	0.40
4	Sanitation Arrangement	0.09
5	Sign Board	0.01
6	Total	2.50
7	Contribution of GP	0.50
8	Assistance from NABARD	2.00

The GP had submitted all the requisite documents such as Land Deed indicating the Ownership of land, attested copy of Resolution to avail assistance from NABARD, Quarterly Progress Report indicating the progress of the haat. The grant assistance was limited to 80 per cent of the total expenditure incurred. The amount was released in three installments and the construction was completed on 18th December 2003.

A. Impact of the Rural Haat

10.55. Since the haat in an open surrounding was functioning in the same place for a long time, its impact was analysed by making a comparison between pre and post situations with reference to several criteria. A tabular representation of the same is indicated in the Table 10.5.

Table – 10.5 : Impact of Rural Haat

Sl. No.	Pre Development	Post Development
1	Number of Traders participating - 100	Number of Traders participating - 150
2	Less Price and more turnover	Better price and higher turnover
3	Limited choice and inferior quality goods	Better choice and better quality goods
4	No drinking water and toilet facility	Drinking water and toilet facility
5	Open once in a week	Open once in a week till date, but plans to open twice a week.
6	Traders selling the goods only on the ground.	Selling the goods mostly on raised platforms.
7	Less unity and lack of proper management.	Better unity and well managed.
8	Lack of security due to absence of boundary wall.	Security due to boundary wall.

The Table 10.5 reveals the following points :

- The immediate impact of the improved infrastructure in the rural haat was the increase in the number of traders participating in the trading on the day of the field visit. The number had shown an increase of around 50 per cent over that of the pre development situation.
- Due to the general increase in price level, better quality of goods sold in the haat and the increasing number of buyers, the turnover per week had increased.
- Further, with the increase in the number of sellers in the haat and the ensuing competition, the buyers have wider choice and have access to better quality goods.
- The drinking water and toilet facilities provided in the hat had encouraged the traders from the relatively distant villages and also the agents from other states to sell their waters in the haat.
- The raised platforms and increased security had also motivated the sellers to frequent the haat. The initiative had brought about a sense of unity and belongingness for the people of the village.
- The GP was actively involved in the management and supervision of the haat and the people in general were extending cooperation in most of the cases.

10.56. The raised platforms constructed in the haat were auctioned at an annual fee of Rs.6000/- per annum. The annual repair and maintenance charge of the haat was calculated to be Rs. 2000/. Nearly 5 labourers were engaged in maintenance work but were taking remuneration not in cash but in kind. Around 120 to 150 sellers were selling various non farm items to around 1200 to 1500 buyers. As per the rough calculation, the total turn over of the haat was estimated to have been increased from Rs. 16.50 lakh to around Rs. 25.20 lakh per annum (53 per cent). The turnover per week had increased from Rs. 31731 to Rs. 48462 (52 per cent). The GP, in turn had handed over the contract of collecting the rent / fees to a private contractor, who was paying Rs.5000/- per annum to the GP.

B. ERR of Rural Haat

10.57 An amount of Rs. 2.50 lakh was spent on the Rural Haat at Chakerkhend, out of which, Rs. 2.00 lakh was provided by NABARD as grant assistance and Rs. 0.50 lakh was provided by the GP. The ERR is estimated from the point of view of the GP and the same is indicated in Table 10.6.

Table 10.6 : ERR of the Rural Haat

Sl. No.	Particulars	1st Year	2nd Year onwards
1	Capital Cost (Rs.)	50000	0
2	Recurring Cost (Rs.)	0	0
3	Total Cost (Rs.)	50000	0
4	Income per annum (Rs.)	0	5000/- from 2nd to 6th year and 10 per cent increase after every five years
5	Net Average Incremental Income (Rs.)	- 50000	Varying between 5000 to 7321.
6	Life span of the haat (yrs)	20	
7	ERR	10 %	

The lower ERR as estimated in case of the Rural Haat does not in anyway undermine the usefulness of the intervention. The ERR in the present case is estimated for the GP only. However, the village community stands to gain much more and it becomes difficult to estimate a large part of the same.

10.58 However, some notable points relating to the haat at Chakerkhend were as follow :

- There was very little scope for expansion of haat in future as the same could be possible only on one side, the rest of the three sides being surrounded by private houses.
- Since there was no gate to regulate the movement of people and goods in and out of the haat, the vendors were not finding it safe to keep their goods unguarded.
- The cycle stand was not functioning as there was no watchman and hence the vendors were keeping their cycles inside the haat compound, in the process making the place over crowding.
- Since shed was not provided, the vendors were facing problems during rainy season.
- In event of scarcity of raised platforms, the vendors were selling the goods on the open ground by paying Rs.1/- to the contractor.

10.59 The GP members had chalked out the following course of action in order to facilitate the trading in the haat. The initiatives are supposed to be launched by availing assistance from National Employment Guarantee Scheme.

- Construction of two rows of raised platforms in the middle of the haat.
- Provision for Permanent shed of tin for all the platforms
- Installation of two revolving gates for both the entrances
- Increase the frequency of haat to twice a week, with first day being devoted to trading in general goods and second day for trading of animals.

10.60 As per the guidelines issued by NABARD during the year 2002, the rural haat scheme was made more flexible by modifying the already existing scheme on the following points :

- The maximum limit of grant assistance for rural haat was enhanced to Rs. 3.00 lakh for 80 per cent of the total project cost whichever is less.
- The financial support beyond Rs. 3.00 lakh upto a maximum of Rs. 2.00 lakh to be extended by way of soft loan through PRIs / PACs for providing some additional facilities in terms of 10 / 15 semi permanent shops with shutters for bringing in other essential services such as PCO/STD Booth, cycle repair shop, Chemist, Tent House, Kirana store, etc for ensuring overall development of rural economy. However, no additional facility has been provided by the GP after setting up of the haat.
- The facilities like provision of drinking through Public Health Department taps had not materialized till date.

10.61 Though the assistance from NABARD has provided the infrastructure in the haat, the amount of Rs. 2.00 lakh was too small an amount to make the infrastructure really solid. The absence of sheds on the raised platforms, proper boundary wall were some of the issues which should be taken into consideration, if the rural haats are to be assisted in future. The financial assistance for the haat should be higher than the stipulated Rs. 2.00 lakh, if the infrastructure has to be sustainable and durable.

CHAPTER – XI

CONCLUSIONS AND RECOMMENDATIONS

Development of Rural Non Farm Sector (RNFS) has been recognised as a major component of our national rural development strategies. It is now a well accepted fact that agriculture alone will not be able to generate adequate employment opportunities to absorb the large and growing rural work force and hence the focus of the policy makers has increasingly been on the promotion and development of RNFS.

11.2 Combining various approaches and realising and treating employment generation as the focus of all initiatives for the development of RNFS, in this study, the coverage of NFS has been broad-based including OPS minus consumption, educational loans and housing loans and misc. For the purpose of this study, any unit either supplying finished goods to rural areas or getting its raw material from there even if the units are situated in urban areas has been taken and treated as eligible units under RNFS.

11.3 DRIP is an integrated area based project, introduced by NABARD, for development of Rural Non-Farm Sector through credit intensification process in collaboration with various project partners viz. State Govt., Banks, NGOs and Development Agencies. The basic objective of the project is creation of significant number of employment opportunities in rural areas through enhanced credit flow to Rural Non Farm Sector with complementary promotional support from NABARD.

11.4 DRIP was launched in 1993-94 in 5 districts, covering 5 regions of the country viz; Ganjam (Orissa), Gwalior (M.P.), Kurnool (A.P.), Sabarkantha (Gujarat) and Sawai Madhopur (Rajasthan) on a pilot basis. In view of the encouraging results from these districts, the project has since been extended to around 106 districts in the country (including 6 in Orissa i.e. Ganjam, Bargarh, Koraput, Sundargarh, Puri and Sambalpur) extending credit flow of Rs. 21,063.10 crore, facilitating the establishment of 17.29 lakh units and generating employment opportunities for 39.55 lakh persons as on 31stMarch 2007.

Objectives of the study

11.5 The present study was conducted in Bargarh district, which was covered under second phase i.e. 1999-00. The broad objectives of the study were to analyse :

(i) the impact of DRIP on credit flow for NFS and pattern of financing in terms of outreach and credit deepening, activities especially services, blocks supported, adoption of cluster approach, credit flow to women, etc. by comparing the Pre and Post DRIP period.

(ii) the system and procedures followed by banks for financing RNFS activities.

(iii) the performance of sample units in terms of adequacy of credit, costs and benefits, employment generation, repayment of loans, etc.

(iv) the role of stakeholders in implementation by comparing the envisaged DRIP plan and the actual role performed especially in creation of physical, human and social capital.

11.6 The objectives relating to the promotional aspects were to assess

(i) the effectiveness of PLI Training Programmes / Orientation Meets / Gender Sensitisation Programmes for Bankers by comparing the performance of trained and untrained officials in terms of credit flow, activities supported, quality of units, recovery under NFS, etc.

(ii) the performance of District Level PCGC / State Level PCGC in terms of agenda and proceedings of the meetings, attendance, issues slated for discussion, quality of discussion, participation of officials in decision taken and follow up through subsequent meetings.

Sample Selection

(i) With an endeavour to cover all the three agencies engaged in NFS financing in Bargarh district, the study team selected 10 branches having dominant share in NFS financing. The sample braches comprised of 3 branches of commercial banks (SBI-2 and Andhra Bank-1), 2 branches of Sambalpur District Central Cooperative Bank (Godbhaga, Padampur, Evening Branch and Attabira) and 3 branches of Utkal Gramya Bank (Dang, Barpalli and Attabira). Though DRIP was launched in the year 1999, considering a brief period for stabilization, the units financed during 2001-02 to 2005-06 were covered under the study.

(ii) The study covered 74 entrepreneurs / beneficiaries drawn from eight broad group of activities i.e. Handlooms and Handicrafts (16), Agro Based (10), Small Road Transport Operators (5), Fabrication Units (7), Retail Trade Units (12), Wholesale Trade Units (8) and Service Units (16). Due to the varied nature of NFS financing in the district, the number of sample selected for each activity was different. Around 29 per cent of the sample beneficiaries had availed loans from commercial banks, 39 per cent from DCCB and 32 per cent from UGB.

(iii) Since most of the bank officials who had attended the PLI training programme were transferred out of the district, the study team could contact only 2 bank officials who had received training under the PLI training programme.. study team interacted with around 25 participants drawn from 3 REDPs conducted during the implementation of DRIP. Apart from that, the team also visited the Rural Haat at Chakerkhendi village, which was assisted by NABARD during the same period.

(iv) The performance of Ground Level Credit Flow and NABARD refinance disbursement in Bargarh district was compared with that of the non DRIP (control) district i.e. Bolangir, which has similar socio-economic characteristics that of the former.

(v) The reference year of the study was April 2006 to March 2007. In order to avoid the problems of fluctuations in different parameters overtime, the information on the same was collected over a period of time. All the benefits and costs were collected for the reference year price through a semi structured questionnaire.

(vi) The secondary data was collected from the sample branches, LDM Office, DDM Office. The information regarding the promotional programmes were collected through the interaction with NGO, entrepreneurs and participating agencies.

(vii) The primary and secondary data were analysed by using simple statistical techniques such as average, compound annual growth rate, etc. The financial viability was analysed by estimating FRR, BCR and ROI.

District Profile of Bargarh

(i) With a population of 13.48 lakh as per 2001 Census, Bargarh is the tenth largest populated district in Orissa supporting 3.66 per cent of the population of the state and the rural population constitutes around 92 of the total population of the district.

(ii) With 39 per cent of the net sown area under irrigation, Paddy, vegetables, sugarcane, Groundnut, Chilly and Ginger are the major crops grown in the district. The district is popularly known as the 'Rice Bowl' of Orissa.

(iii) As the economy of the district is primarily agriculture, a number of agro based industries mainly rice mills have been established in the district. There were around 470 rice hullers and 98 modern rice mills in the district, apart from around 60 oil mills and 51 bakery units.

(iv) Bargarh district is well known for the handloom sector, particularly, the weaving of sarees and dress material using the Tie & Dye technique. The district has also been covered under the Integrated Handloom Cluster Development Programme introduced by Ministry of Textiles since 2005-06. The basic aim of the programme is to bring about maximum coverage of the handloom weavers in an efficient and effective manner in the district so as to enable them to meet the challenges in a sustainable and self reliant way.

(v) There were 40 branches of the commercial banks, 35 branches of Utkal Gramya Bank, 16 branches of the Sambalpur District Central Cooperative Bank and 2 Cooperative Agriculture and Rural Development Banks, taking the total number of branches to 93 in the district.

District Profile of Bolangir

(i) With a population of 13.37 lakh, Bolangir is the thirteenth largest populated district in Orissa, supporting 3.63 per cent of the population of the state and nearly 88 per cent of the population of the district live in rural areas.

(ii) Paddy is the major cereal product occupying around 55 per cent of the cultivated area in the district. Pulses, oil seeds, garlic and ground nut are the other major items grown in the district.

(iii) Bolangir is categorized as industrially backward and because of several initiatives taken by the Govt. of Orissa, a number of small scale units covering mainly textile based, plastic based and chemical based have been established in the district.

(iv) There are 36 branches of the commercial banks, 8 branches of the Regional Rural Bank, 22 branches of the Central Cooperative Bank, 3 PADBs, besides 105 PACS.

Implementation of DRIP in Bargarh District

11.7 The Bhubaneswar Regional Office followed a sequential approach in implementing DRIP in

Bargarh district. The strategies / initiatives included

- creation of conducive institutional environment for launching of DRIP
- assess the status of Non Farm Sector and identify the potential activities through the conduct of District Potential Survey

- conducting Goal Oriented Project Planning (GOPP) Workshop to provide broad yardsticks for the credit flow and employment generation

- constitution of District Level Project Coordination and Guidance Committee (DLPCGC) under the chairmanship of the District Collector to identify constraints and provide solutions for effective implementation of the project

- constitution of State Level Review Committee (SLRC) under the chairmanship of Development Commissioner for smooth implementation of the project

- conducting workshops for senior bakers for sensitizing them towards financing Non Farm Sector, women beneficiaries

- conducting Primary Lending Institutions (PLI) Training Programmes for the bank officials so as to improve their capacity

- conducting subject specific Rural Entrepreneurship Development Programmes (REDPs) in the district so as to train prospective entrepreneurs

- organizing Product Development Workshops and Meets with NGO and Trade Bodies to facilitate the marketing of various products

- organize Block Level Awareness Meets to sensitise block level officials / VAs / NGOs about the essence of the project

11.8 The major development agencies involved in the implementation of DRIP in Bargarh district were (a) DRDA, (b) DIC, (c) KVIB, (d) Director of Textiles, (e) Sambalpuri Vastralaya, (f) Sambalpur Milk Union.

- Following programmes were taken up in the district.

  - Twenty DLPCGC Meets were organised during the implementation of DRIP and a total of Rs. 0.46 lakh was spent on the same.

  - Similarly, 7 PLI Training Programmes and 8 PLI Refresher Programmes were organised and Rs. 2.81 lakh was spent on the same.

  - Five Orientation Meets involving an expenditure of Rs. 0.19 lakh was organised for Senior Officers of Banks, Govt. officials.

- Seven Sensitisation Meets for Banks / VAs / NGOs were held and an amount of Rs. 0.25 lakh was spent for the same.

- Seven Meets with NGOs and Trade Bodies involving RS. 0.26 lakh and 6 Product Development Workshops involving expenses of Rs. 0.12 lakh were organised during the implementation of DRIP.

- Apart from that, 11 NFS Orientation Meets (expenditure of Rs. 0.57 lakh), 9 Gender Sensitisation Meets, 28 Block Level Awareness Meets (expenditure of Rs. 0.36 lakh), 8 Integration Meets (expenditure of Rs. 0.04 lakh) were also conducted during the implementation of DRIP.

- A total of 8 REDPs (2 each in Handloom and Tie & Dye, 1 each on Readymade Garments, Brass & Bell Metal, Weaving and Tie & Dye) were organised, wherein 210 participants were trained. A total of Rs. 4.08 lakh was sanctioned for the same, out of which 88 per cent were disbursed.

- As part of initiative under DRIP, grant assistance of Rs. 2.00 lakh was extended from NABARD for the establishment of Rural Haat at Chakekhendi village, around 15 km. form Bargarh district headquarters. The haat was held once in a week and was providing forum for trade in various goods and services for buyers and sellers from around 35 villages.

Credit Flow to Non Farm Sector

(i) Credit flow under NFS in Bargarh district has increased from Rs. 822.76 lakh in 2000-01 to Rs. 1350.66 lakh in 2005-06, indicating a CAGR of 44 per cent. The credit flow for the OPS has on the other hand increased from Rs. 3125.74 lakh in 2000-01 to Rs. 4721.55 lakh in 2005-06, indicating a CAGR of 38 per cent. The credit flow for both these sectors taken together increased from Rs. 3948.50 lakh to Rs. 6072.21 lakh, indicating a CAGR of 39 per cent.

(ii) There has been a marked improvement in the GLC achievements vis-a-vis the target for NFS and OPS in Bargarh district from 2003-04 onwards where the achievement had surpassed the target. However, during the years 2001-02 and 2002-03, the achievement fell short of the target mainly because of the cautious approach adopted by the bankers towards NFS lending.

(iii) The per capita credit disbursed for NFS and OPS varied in the range of Rs. 293 to Rs. 539 in the corresponding period though year-wise fluctuation was observed in the same.

(iv) The agency-wise credit flow for NFS and OPS in Bargarh district reveals that the commercial banks have been the prime movers behind the increasing credit flow for NFS and OPS followed by RRBs and DCCB. The share of commercial banks, RRB and DCCB in the credit flow for the same amounted to 57 per cent, 22 per cent and 20 per cent respectively.

(v) Accordingly, the CAGR in the credit flow for the period for commercial banks, RRB and DCCB were 59 per cent, 54 per cent and 15 per cent respectively. The credit flow for NFS activities was much lesser in case of DCCB which affected the overall credit flow for the sector.

(vi) A comparison of the credit flow for NFS and OPS between Bargarh and Bolangir districts reveals the fact that in quantum terms the same is much higher in former. The per capita credit for NFS and

OPS activities have also been higher in Bargarh district for all the six years, except 2003-04. Similarly, the achievement of credit flow for NFS and OPS as percentage of the target in Bargarh was higher than that of Bolangir for all the six years except 2001-02, when the overall achievement as a percentage of target was 84 per cent in the former as against 98 per cent in the latter.

(vii) The activities under DRIP were broadly divided into twelve categories i.e. (i) Handloom / Powerloom, (ii) Tiny Industries, (iii) Village Industries, (iv) Rural Artisans, (v) Small Scale Industries, (vi) NFS (Misc), (vii) Small Road Transport Operators, (viii) Professional and Self Employed, (ix) Others (Retail Trade and Small Business), (x) NFS (Industry, Service, Business of SGSY), (xi) PMRY, (xii) SHG Linkage.

(viii) The credit flow for these twelve sub sectors taken together has increased from Rs. 1362.76 lakh in 1999-00 to Rs. 23849.90 lakh during 2000-01 to 2005-06, indicating a CAGR of 61 per cent. The CAGR was highest for SHG Linkage (212 per cent), followed by NFS (Misc) (198 per cent), Village Industries (147 per cent), Tiny Industries (127 per cent) and Rural Artisans (126 per cent). The CAGR for other sub sectors was less than 100 per cent.

(ix) The number of units set up in the district has increased from 2405 in 1999-00 to 36535 during 2000-01 to 2005-06, indicating a CAGR of 57 per cent. The growth rate of establishment of tiny units was maximum (162 per cent) followed by NFS (Misc) (131 per cent) and SHG Linkage (118 per cent). The other sub sector exhibited a growth rate of less than 100 per cent.

(x) Due to the increase in the credit flow and the number of units set up during the implementation of DRIP in the district, the employment generation has increased from 5488 in 2000-01 to 190254 during 2001-02 to 2005-06, indicating a CAGR of 81 per cent. The growth rate in employment generation was maximum in case of Tiny Industries (163 per cent), followed by NFS (Misc) (135 per cent), NFS (ISB of SGSY) (128 per cent), SHG Linkage (119 per cent) and Village Industries (113 per cent). The growth rate in employment generation for other sub sectors was less than 100 per cent.

Financing of NFS activities by sample Branches

(i) The increasing trend in credit flow for NFS in the district was reflected to a certain extent in the sample branches also. The outstanding advances of the two sample SBI branches showed a fluctuating trend during the period from 2000 to 2006. The same for Andhra Bank however showed a continuous increase.

(ii) The outstanding advances for NFS activities in sample DCCB branches however had shown a declining trend throughout the DRIP period, except in 2005-06. The main reason behind this was moratorium on DCCB to finance NFS activities beyond Rs. 10 lakh and the general apprehension on the part of the officials to finance any loan under NFS. After the introduction of Swarojgar Credit Card, the DCCB has extended finance for NFS activities through this.

(iii) The outstanding advances for NFS activities by UGB has shown continuous increase throughout the period, reiterating the crucial role of the agency in the district.

(iv) The credit outstanding against women has increased in an uninterrupted manner in case of UGB and SBI whereas in case of DCCB and Andhra Bank it has shown a fluctuating trend. The outstanding advances against women beneficiaries for all the branches taken together has shown an increasing trend corroborating the fact that the initiatives under DRIP has encouraged the bankers to finance women entrepreneurs.

(v) The sample branches have extended finance for the women SHGs, with SBI, Barpalli taking a lead in this aspect and all the three branches of UGB following closely behind.

(vi) The sample branch managers were relying on their own judgment as well as the opinion of the field staff for identifying the beneficiaries. Detailed interaction centering around various aspects of the activity to be pursued, was held with the prospective entrepreneurs before sanctioning the loans.

(vii) The technical appraisal, if necessary, was conducted by Technical Staff at the Head Office of the DCCB, UGB or Zonal Office of Andhra Bank and Local Head Office of SBI. The sanctioning power of the branch managers varied in the range of Rs. 5 lakh to Rs. 50 lakh.

(viii) For loans upto Rs. 0.50 lakh, no collateral security was given whereas for loans above that, the collateral security having a value in the range of 120 to 150 per cent of the loan amount was kept. The margin money for high value project was around 25 per cent. The rate of interest varied in the range of 12 to 15 per cent.

(ix) Though there was no hard and fast rule for the division of loan for building and machinery, the standard practice was to grant 40 per cent for the former and 60 per cent for the latter. The term loan was given on installment basis whereas the working capital was given on revolving basis.

Profile of Sample Entrepreneurs

(i) Nearly 36 per cent of the sample entrepreneurs covered under the study were in the age group of 31-40 years, followed by 31 per cent in the age group of 41-50 years, 23 per cent in the age group of below 30 years and 10 per cent above 50 years.

(ii) Around 73 per cent of the sample entrepreneurs were male whereas only 27 per cent were female, mainly engaged in handloom and service units. Since the activities were mainly traditional in nature, around 56 per cent of the entrepreneurs had studied upto class 10, followed by 35 per cent above class 10, 6 per cent having professional qualification and only 3 per cent being illiterate.

(iii) The selected activities were the family occupation / profession of around 42 per cent of the entrepreneurs whereas the remaining 58 per cent gained experience by working in similar activities. The tradition, demonstration effect, scope of the activity in the area were the main reasons that prompted the sample entrepreneurs to select the activity.

(iv) The sample units were a mix of new and old units with around 53 per cent in the former category and 47 per cent in the latter category. The existing units had availed bank finance for upgradation / modernization / renovation, etc. None of the units however had availed any subsidy under any scheme.

Operations of the Sample Units

I. Handloom / Handicrafts Sector

A. Handloom

(i) The sample beneficiaries in the handloom sector were curious mix of a variety of players including master weavers, weavers, Tie & Dye makers, traders, suppliers of inputs, etc. It was very difficult to categorise them into separate groups as each one of them was engaged in more than one activity to a certain extent. The weavers were themselves traders and at the sametime members of Weavers' Cooperative Societies.

(ii) The weaving process involved a sequence of activities like warping, tie & dye, sizing and finally weaving. Weaving two cotton sarees on a loom takes on an average 10 days and involves the family labour only.

(iii) The cost of raw materials constitutes nearly 44 per cent of the prime cost of the saree whereas wage constituted the remaining 56 per cent. The wages varied from Rs. 250 to Rs. 700 per saree depending on the intricacy of the design. The sale price also varied accordingly. The profit margin for the master weaver was estimated to be around 10 per cent whereas that of the retailer was 12 per cent.

(iv) The average amount of loan availed by the sample weavers (10) who were engaged in trading activity to a lesser extent, was Rs. 0.23 lakh, which was used to improve existing tools and also to procure raw materials. The master weavers / big traders / tie & dye manufacturers had availed a loan of Rs. 1.88 lakh, out of which, Rs. 0.50 lakh was taken as block capital and Rs. 1.38 lakh was taken as working capital.

(v) The handlooom sector was a typically unorganized sector where the whole family was involved in the activity. The family members including the children were engaged in one process or other, making it very difficult to segregate the contribution of each one of them. Further, due to the multiplicity of the activities pursued by the sample weavers / traders / master weavers / tie & Dye manufacturers, the viability of the activity was difficult to be calculated.

(vi) The problems faced by the weavers in the district in production, design, technology and finance front had prompted the Ministry of Textiles, Govt. of India to cover Bargarh in the Integrated Handloom Cluster Development Programme, introduced in 2005-06. The programme aims at bringing together maximum weavers in a cost effective a manner so as to enable them to meet the challenges in a sustainable and self reliant manner.

B. Handicrafts

(i) One handicraft unit engaged in manufacturing of stitching of decorative materials used in marriage venues was visited by the team. The cost of investment of the unit Rs. 10.00 lakh, out of which included 75 per cent for stock of material, 19 per cent for workshed cum store and 6 per cent for sewing machines, etc. The bank loan availed by the unit was Rs. 5.00 lakh which was used for meeting the working capital requirement.

(ii) The cost of operation of the unit amounted to Rs. 13.31 lakh per annum, out of which 60 per cent was for the cost of cloth and decorative material, 27 per cent for the salary of staff, 5 per cent each for marketing / transportation and interest on working capital, 3 per cent for depreciation of stock, building and machinery.

(iii) The proceeds of the unit came out of the sale of various decorative items produced by the units and amounted to Rs. 15.661 lakh per annum. The net income of the unit stood at Rs. 2.34 lakh per annum and Rs. 0.196 lakh per month. The unit was working for almost 300 days a year, with two to four months during the marriage season being the most crucial period of working. unit was financially viable with FRR being 38 per cent, ROI being 33 per cent and BCR being 1.05 : 1.00.

(iv) The unit was employing around 20 people, out of which 8 were ladies. Ten of the staff were permanent and other 10 were engaged in the work as and when the workload increased. The total mandays employment generated by the unit for permanent staff was 3650 and for temporary staff for 3000 and 365 mandays for owner himself, taking the total mandays employment to 7015.

II. Agro Processing Sector

(i) Bargarh district popularly known as the ‘Rice Bowl of Orissa’ has a conducive climate, good quality soil and better water availability for the paddy cultivation and establishment of agro based industries, particularly rice mills. As against 19 Rice Mills in the year 2000, there were about 98 modern rice mills in the district at the end of March 2006.

(ii) During the field study 10 of the modern rice mills financed by State Bank of India (4), Andhra Bank (5) and Utkal Gramya Bank (1) were visited and data about various aspects of their operations were analysed by the study team.. The overall operations in a modern rice mills involve handling of stored paddy and milling it to get polished rice and the sample mills produced mainly parboiled rice by using steam pressure process prior to milling. The rice milling involved a number of processes including paddy cleaning, steaming, drying, shelling, milling, grading, sorting and packing.

(iii) The machinery in the parboiling section of the sample rice mills including automatic boilers, boiling tanks, steam drying tower with heat exchangers, conveyor belt for inward and outward movement of paddy was almost 56 per cent of the total investment cost. Nearly 26 per cent of the cost was for building of paddy godown, boiler shed, milling shed, staff quarters, office unit, machine room, etc., 8 per cent was spent on electrical installations including transformers, internal lighting, panel and control, etc. 6 per cent for site development and 3 per cent for cost of land. The total investment cost amounted to Rs. 98.09 lakh. The bank loan constituted nearly 57 per cent of the investment cost with owner’s contribution being 43 per cent.

(iv) The capacity of the sample rice mills was taken to be 2 MT / hour and the unit was working for 270 days in a year. The cost of paddy was Rs. 56000/- per MT and the procurement price of FCI was Rs.69500/- per MT. The capacity utilization of the unit was 80 per cent during the first year followed by 90 per cent from second year onwards.

(v) The cost of operation of the mills per annum was calculated to be Rs. 272.73, out of which 86 per cent was for procurement of paddy, 3 per cent for electricity charges, 2 per cent for establishment cost including wages and salary, 3 per cent as sales tax for FCI delivery, around 1 per cent each as insurance, maintenance, transportation, etc.

(vi) The main and bye products of the rice mills consisted of three things, i.e. whole rice @ 67 per cent, broken rice @ 1 to 2 per cent, rice bran @ 4 to 5 per cent and husk @ 20 to 22 per cent, with 2 to 3 per cent being wasted in processing. The proceeds were generated from the sale of whole rice, broken rice and rice bran whereas the rice husk was used by the units as fuels.

(vii) The total sales proceeds per annum amounted to Rs. 298.44 lakh, which included Rs. 275.55 lakh (92 per cent) from whole rice @ Rs. 95200/- per MT, Rs. 3.46 lakh (1 per cent) from broken rice @ Rs. 4000/- per MT and Rs. 19.44 lakh (7 per cent) from rice bran @ Rs.9000/- per MT. The net income from the activity amounted to Rs. 25.71 lakh per annum.

(viii) The viability of the sample rice mills was calculated by taking into account the FRR, ROI and BCR. The sample rice mills were financially viable with FRR being 23 per cent, ROI being 40 per cent and BCR being 1.02 : 1.00.

(ix) The sample rice mills were operating for 270 days in a year as there was virtually no work during the two months during rainy season, apart from other times when work was temporarily suspended. The mills employed 14 hired workers on a temporary basis, apart from one family member excluding the entrepreneur. The units were also employing around 20 casual labour to take care of various activities. The mandays employment generated by the sample rice mills included 5400 for casual labour, 5110 for hired labour and 730 for family labour. The total mandays employment generated by the sample rice mills amounted to 11240 per annum.

(x) Though there is a good scope for the establishment of the industries such as rice bran oil, cattle and poultry feed units, no such unit was established in the district. At the sametime, the interaction with the rice mill owners revealed that a number of units were being closed down / incurring losses due to some internal as well as external factors.

III. Small Road Transport Operators (SRTO)

(i) The small road transport operators were providing vital service to the rural people, in the absence of regular bus service between the block headquarters and the villages. The 5 sample transport operators had purchased four wheeled passenger vehicles and using them for commercial purpose.

(ii) The average cost of vehicle was Rs. 3.11 lakh and the bank loan was Rs. 2.71 lakh, which was about 87 per cent of the former. The expenditure of the units amounted to Rs. 1.78 lakh per annum, 36 per cent of which was the cost of fuel, 17 per cent for salary of driver, and 2 to 4 per cent each for road tax & insurance, maintenance, installments etc.

(iii) The vehicles were making 4 trips up and down the village and block headquarters. The average number of passengers per trip was 11 to 12 and the average fare per passengers was Rs. 10..The earnings per day amounted to Rs.955/- and the total number of working days being 264, the gross annual income was Rs. 2.52 lakh. The net income was calculated to be Rs. 0.739 lakh.

(iv) The sample SRTO units were financially viable with the FRR being 17 per cent. The Return on Investment of the unit however was higher at 48 per cent due to less investment on the working capital. The BCR of the activity was 1.04 : 1.00.

(v) The sample units generated full time employment for one hired labour, i.e. the driver. The owner was usually supervising the activity on a limited scale and hence the employment generation for family labour was 46 mandays. Thus the total mandays employment generated by the units was 411.

IV. Fabrication Units

(i) The general improvement in the standard of living / economic prosperity of the people in the district was reflected in the increase in number of engineering units, engaged in the manufacturing of iron gates, grills, windows and steel almirahs, etc.

(ii) The investment cost of the sample engineering / fabrication units was Rs. 4.65 lakh, out of which Rs. 2.65 lakh was made towards land, plant and machinery and Rs. 2.00 lakh as raw material for two months operation. The bank loan availed by the sample units was Rs. 3.39 lakh, which consisted of Rs. 2.10 lakh as working capital and Rs. 1.29 lakh as block capital. Around 27 per cent of the investment cost was contributed by the owner himself.

(iii) The cost of operation of the sample fabrication units per annum amounted to Rs. 12.42 lakh, of which nearly 83 per cent accounted for the cost of raw material like iron and steel, 9 per cent for salary / remuneration of staff / workers, 5 per cent for overhead expenses like electricity and 2 per cent as interest on loans.

(iv) The sample units generated sales proceeds of Rs. 1.20 lakh (8 per cent) from the sale of agricultural implements and almirahs and another Rs. 15.22 lakh (92 per cent) was generated by the sale of grills, gates and windows, etc. The total sales proceeds thus amounted to Rs. 15.22 lakh per annum. The net income of the units was estimated to be Rs. 2.77 lakh.

(v) The sample fabrication units generated 2830 mandays of employment per annum which comprised of 2100 for temporary and permanent staff and 365 for family member.

(vi) The sample fabrication units were economically viable with FRR being 28 per cent, ROI being 64 per cent and BCR being 1.05 : 1.00.

V. Retail and Wholesale Trade Establishments

(i) Since the sample retail and wholesale trade establishments were different from each other on the ground of capital involved, stocks held, etc., separate analysis was made of both these sectors. A total of 20 such units, comprising of 12 retail and 8 wholesale establishments were taken for the study.

(ii) The initial investment of the sample retail trade units amounted to Rs. 0.75 lakh which consisted of Rs. 0.25 lakh (33 per cent) for building and furnishings and Rs. 0.50 lakh (67 per cent) for stock of goods and commodities. The sample units had availed bank loan to the tune of Rs. 0.40 lakh which was 53 per cent of the overall cost of investment.

(iii) The cost of stock amounting to Rs. 0.75 lakh constituted around 77 per cent of the cost of operation of the unit, followed by Rs. 0.12 lakh (12 per cent) for the salary of staff, Rs. 0.048 lakh (5 per cent) for interest on working capital, Rs. 0.024 lakh (2 per cent) for electricity, Rs. 0.037 lakh (4 per cent) for depreciation of stock, etc. The total operation cost per annum hence came to Rs. 0.99 lakh.

(iv) With the retail units working for 324 days per annum and the sales proceeds per day being Rs. 550/- on an average, the gross sales proceeds were calculated to be Rs. 1.78 lakh. After deducting the cost of operations from the same, the net sales proceeds / income was calculated to be Rs. 0.79 lakh.

(v) The retail trade establishments were financially viable with FRR being greater than 50 per cent, BCR being greater than 1. The return on investment was also greater than 100 because of limited amount of initial investment made in the units.

(vi) The wholesale trade establishments were started with initial investment of Rs. 12.00 lakh, of which 83 per cent was the cost of stock of goods and commodities and 7 per cent was for buildings and furnishings. The bank loan availed by the sample wholesale units was Rs. 8.06 lakh which was taken for procuring stock. The own contribution of the entrepreneur amounted to Rs. 3.94 lakh.

(vii) The sample wholesale units were operating for almost 324 days a year and the total cost of operation was Rs. 15.46 lakh. The cost of stock accounted for almost 80 pr cent of the investment cost, followed by 6 per cent for interest on working capital, 5 per cent for remuneration of staff, 4 per cent each for marketing & miscellaneous expenses and depreciation and 1 per cent for electricity.

(viii) The units operated for 324 days in a year and the gross sales proceeds of the units @ Rs. 1.50 lakh per month amounted to Rs. 18.00 lakh. The net sales proceeds / income of the units was calculated to be Rs. 2.54 lakh.

(ix) The sample wholesale trade establishments were providing employment to approximately four persons in various capacity apart from the family member who was involved in the overall management of the unit. The mandays of employment for the hired staff was 1460 and the family member was 365 days, taking the total mandays of employment generated to 1825 per annum.

VI. Service Units

A total of 16 Service Units consisting of Tailoring Units (3), Motor Garage (3), Computer / Xerox (3), Tent House (3) and Hotels (5) were contacted by the study team during the field visit.

A. Tailoring Units

(i) The cost of investment of the sample tailoring units amounted to Rs. 0.37 lakh which consisted mainly of cost of sewing and interlock machines (51 per cent), material for three months (27 per cent), furniture and fixture (8 per cent) and fans (3 per cent) and iron (1 per cent). The sample units had availed bank loan to the tune of Rs. 0.33 lakh whereas Rs. 0.04 lakh was contributed by the entrepreneur.

(ii) The cost of operation amounted to Rs. 1.397 lakh per annum which consisted of Rs.0. 891 lakh (63 per cent) for salary of staff, Rs. 0.394 lakh (28 per cent) for cost of materials, around 2 to 3 per cent each for electricity, rent for shop, interest on bank loan, depreciation of fixed assets, etc.

(iii) The gross sales proceeds of the units amounted to Rs. 2.16 lakh per annum and after deducting the cost of operation the net income / net sales proceeds amounted to Rs. 0.799 lakh.

(iv) The FRR and ROI of the sample units were above 50 per cent and BCR was greater than 1, indicating the viability of the units.

(v) The units were giving employment to around 6 hired workers and the entrepreneur was in charge of the overall management of the units. The total mandays employment generated by the sample units was 2555, which consists of 2190 for the hired staff and 365 for the entrepreneur himself.

B. Motor Garages

(i) The investment cost of the sample motor garages was calculated to be Rs. 0.59 lakh, which was mainly spent on machinery like auto washer, spray printing set, welding set, etc. The units had availed a loan of Rs. 0.33 lakh and the remaining Rs. 0.26 lakh was the contribution of the entrepreneur.

(ii) The cost of operation of the sample motor garages included the remuneration for skilled and unskilled staff at 34 per cent each, materials like grease and lubricants at 21 per cent and 2 to 5 per cent for electricity, depreciation and interest on working capital.

(iii) The gross sales proceeds of the units amounted to Rs. 1.95 lakh per annum and after deducting the cost of operation, the net income was calculated to be Rs. 0.88 lakh. The activity was financially viable with FRR and ROI being higher than 50 per cent and BCR being greater than 1.

(iv) The sample motor garages provided employment to 4 hired persons and the entrepreneur was managing the overall activity. Keeping in mind the fact that the sample motor garages were operating for 336 days in a year, the total mandays employment generated by the units was calculated to be 1825, consisting of 365 for family worker and 1460 for hired workers.

C. Tent Houses

(i) The sample tent houses had investment cost of Rs. 0.50 lakh and had availed bank loan to the tune of Rs. 0.25 lakh. The cost of operation of the units was calculated to be Rs. 0.69 lakh per annum which was spent on the remuneration for staff and rent @ 26 per cent each, depreciation @ 22 per cent, miscellaneous expenditure @ 17 per cent and 4 to 5 per cent for electricity and interest on working capital.

(ii) The gross income was calculated to be Rs. 1.67 lakh and the net income was Rs. 0.78 lakh per annum. The FRR of the sample tent house units was higher than 50 per cent, the ROI was greater than 100 per cent and the BCR was higher than 1.

(iii) The sample tent house units were providing employment to 1 hired staff and the entrepreneur himself was engaged in the unit on full time basis. Hence the total number of mandays employment generated by the sample units amounted to 730, consisting of 365 mandays each for the hired worker and entrepreneur.

D. Computer / Xerox Units

(i) The average cost of investment of the three sample computer / Xerox units was calculated to be Rs.

1.09 lakh, which included investment on Xerox machines, computers, scanner and furniture, etc. The bank loan constituted around 30 per cent of the total investment, the remaining 70 per cent being borne by the entrepreneur himself.

(ii) The total recurring cost of the units amounted to Rs. 0.68 lakh, which consisted of materials like paper, toner (35 per cent), remuneration for staff and electricity (18 per cent each), depreciation of equipment (16 per cent), rent, interest on bank loan and maintenance at 3 to 5 per cent each.

(iii) The gross income of the sample computer / Xerox units was calculated to be Rs. 1.29 lakh, 37 per cent of which was contributed by photocopy and 63 per cent by use of computers.

(iv) The net income of the units was Rs. 0.60 lakh per annum. The FRR of investment was greater than 50 per cent, BCR greater than 1 and ROI was 67 per cent. All these make the investment a viable one.

(v) The sample computer / Xerox units had generated employment for 1 hired worker and the entrepreneur himself was overall in-charge of the activity. The total mandays employment generated by the sample units was 730 which includes 365 days each for hired and family worker.

E. Hotels

(i) The investment cost of the 5 sample hotels amounted to Rs. 0.45 lakh comprising of furniture & fixture (45 per cent), utensils (33 per cent) and gas stoves (22 per cent). The bank loan of Rs. 0.25 lakh comprised of 56 per cent of the investment cost and 44 per cent was the own fund of the entrepreneur.

(ii) Nearly 72 per cent of the cost of operation was contributed by the cost of materials used for preparation of food items, followed by 19 per cent for the remuneration of workers, the interest on working capital, electricity, rent, depreciation, etc accounted for the remaining 9 per cent of the recurring cost.

(iii) The total recurring cost was Rs. 2.79 lakh per annum. The gross proceeds amounted to Rs. 3.60 lakh and the net proceeds was calculated to be Rs. 0.81 lakh.

(iv) The FRR of the unit was greater than 50 per cent, ROI was much higher at more than 200 per cent, BCR was greater than 1. All these make the sample hotels a viable activity.

(v) The sample hotels provided employment to 3 hired workers apart from the entrepreneur who was in charge of the overall management & maintenance of accounts of the unit. The hotels were operating almost throughout the year.

(vi) The total mandays employment generated per annum by those hotels was 1460, with employment for hired labour at 1095 and entrepreneur at 365 mandays.

Recovery Performance

(i) The overall recovery performance in Bargarh district during the period of implementation of DRIP indicates a fluctuating trend in the range of 40 to 65 per cent during 2000 to 2005. The agency-wise performance shows better recovery performance on the part of the RRBs where the same has declined to 29 per cent in 2002, after which it increased to 83 per cent in 2005. Similarly, the commercial banks have shown an improved recovery performance after 2002 onwards.

(ii) The recovery performance of all the sample branches for TPS activities reflects a declining trend from 2001 to 2003, after which it again shows an upward trend. The performance in NFS sector on the other hand declined since 2001 onwards. Hence, no definite trend about the recovery performance was observed.

(iii) The sample units were broadly categorized into regular and irregular on the basis of overdues in their accounts. The beneficiaries having overdues in their accounts were grouped into 'irregular' and those having no overdues in their accounts were grouped as 'regular'.

(iv) Around 77 per cent of the units were regular in repayment whereas only 23 per cent were irregular. The activity-wise repayment performance of the sample units reveals that all the agro based units were regular in repayment of loans since they either required regular transactions with banks or were established by experienced entrepreneurs having comfortable financial position. More than 80 per cent of the SRTO units, wholesale trade establishments and service units were regular in payment, which was partly due to better follow up by the bank officials. Around 25 to 30 per cent of the fabrication units and retail trade were having irregular repayment because of their limited transactions. Nearly 50 per cent of the handloom weavers were having irregular repayment which was mainly due to the complex nature of operations.

(v) The activity-wise average demand, collection and balance position of the sample beneficiaries indicate that the recovery rate was more then 80 per cent in case of decorative material making unit, agro industries, retail and wholesale trade establishments. The recovery rate was in the range of 70 to 80 per cent in case of service units, followed by 60 to 70 per cent for SRTO and General Engineering. The recovery performance was dismal at around 40 per cent for the handloom and handicrafts units.

Rural Haat

(i) An assistance of Rs. 2.00 lakh was provided by NABARD for rural haat at Chakerkhend village in Bargarh block. The amount was utilized for the civil structure including the construction of raised platforms, boundary wall, toilets, etc.

(ii) The number of sellers / vendors in the haat had increased from 100 to 150 i.e. 50 per cent. The turn-over of the haat had increased from Rs. 16.50 lakh to Rs. 25.20 lakh indicating an increase of 53 per cent. The choice for the goods has increased and at the same time the quality of goods have improved.

(iii) Though the haat was providing a lot of benefit to the villagers in the nearby areas, the additional facilities like the provision for sheds on the raised platforms, non functioning of cycle stand were some of the issues which needed to be addressed if the haat has to make any major visible impact.

REDPs

(i) A grant assistance of Rs. 58,000/- was released to the NGO. i. e. BISWA to train 20 women for 45 days on stitching of Readymade garments. An average assistance of Rs. 9000/- was received by each of the trainees for purchasing sewing machine. The success rate of the REDP was calculated to be 40 per cent as only 4 of the trainees were pursuing the activity and earning an incremental income of Rs. 200/- per month.

(ii) A sum of Rs. 39,000/- was released to BISWA to conduct REDP on Tie & Dye for 30 people and an assistance of Rs. 14,000/- per trainee was extended to pursue the activity. The success rate of the programme was almost 100 per cent as all the trainees were pursuing the activity and earning an incremental income of Rs. 1200 per month on an average on a regular basis, depending on the type of work.

(iii) An assistance of Rs. 38,000/- was sanctioned to BISWA for conducting REDP on Brass and Bell metal in village Katapalli. The per trainee average loan was estimated to be Rs. 11,000/- and the success rate was almost 100 per cent with the trainees earning an incremental income of Rs. 600 on an average per month.

(iv) Except the REDP on Readymade garments, the performance of the REDPs on Tie & Dye and Brass & Bell metal was considered to be satisfactory. There was however need for organizing design development trainings on the specific activities, set up Common Facility Centres for making the activity sustainable and more remunerative.

Role of the Project Partners

A. Banks

(i) The awareness level about DRIP in district was moderate among the various partner agencies. The bank officials, except some in DCCB and RRB were not aware about the implementation of the project. It was quite natural as most of the commercial bank and RRB officials had joined the branches after the completion of the project. However, during the period of implementation of the project, the meetings were well attended and fruitful deliberations were held therein.

(ii) It was difficult to have detailed interaction with the PLI trainees since most of them were transferred out of the district at the time of field visit. Hence a detailed study on the impact of the programme could not be ascertained. However, the feedback gathered from the write ups after the conclusion of the programme revealed that programme was well received by the bankers in general.

B. State Govt.

(i) The Govt. of Orissa had announced a conducive Industrial Policy Resolution in the year 2001, which had given special thrust to the crafts based, agro based and small and tiny units. The introduction of Land Bank scheme, interest subsidy of 5 per cent per annum for both new units and those going for modernisation were some initiatives undertaken by the State Govt. However, the participation of the govt. in the DRIP implementation in Bargarh district was not very exemplary as only one SLRC meeting was held during the implementation of the project in the district.

Role of DIC

(i) The DIC's role in associating with other project partners for bringing synergy in identification of entrepreneurs, sponsoring cases on merit to banks, preparing project profiles and technical guidance , infrastructure linkage and extension support has been moderate, particularly, in the wake of precarious staff position and financial problems.

(ii) KVIB / KVIC have a very crucial role to play in the path of rural industrialisation as they provide substantial amount of subsidy for setting up of such units. However, their targets are limited by number and quantum of subsidy, about 35-40 cases in the district. Issue for increasing allocation of higher subsidy and giving more targets for setting up of new units in DRIP districts can be taken up with KVIC / KVIB at National / State level forums.

NGOs / VAs / Development Agencies

(i) As there is no Technical Consultancy Organisation functioning in the district, new entrepreneurship is hard to develop. The NGOs entrusted with the task of conducting REDPs in the district, do not have specific technical expertise. There is definitely more scope of Technical Consultants in the district.

(ii) Further, it was not possible to maintain sustained relationship with all the NGOs who were in the forefront during the implementation of DRIP. One reason for this may be the diversified activities undertaken by the NGOs and also multiplicity of sources of funds, which has diluted the role of NGOs to certain extent. The commitment on their part for certain activities have also been put to question.

Suggestions / Recommendations

Major Issues / suggestions related to implementation of DRIP in Orissa

1. The study team had across many instances when the acronym 'DRIP' does not ring any bell for the bank officials / district administration. Most of them tend to confuse it with the DRIP irrigation project.

2. No specific focus, as such, is given on the DRIP district. The refinance to the tune of 100 per cent of the bank loan sanctioned in a DRIP district is not sufficient to encourage the banks to finance NFS activities at the present circumstances. The banks in some cases do not have very good experience with the NFS financing. In fact, the Sambalpur DCCB had banned the NFS financing of above Rs. 10 lakh from 1996-97 onwords. In these circumstances, the initiatives under DRIP could not motivate them to go for NFS financing in a big way.

3. The promotional programmes that are usually launched in DRIP districts are very much similar to those introduced in other districts as well. Certain specific targets like 5 REDPs, 2 Rural Haats, conduct of DPS and GOPP and more number of promotional programmes are no doubt done for the DRIP districts, but apart from that there is no specific action plan for the programme. Hence it is sometimes very difficult to expect any remarkable outcome from the project.

4. The project partners in most of the cases function in an isolated manner and the desired level of cooperation is not achieved. The SLRC meetings are never done regularly and many times not done at

all year after year. Thus, the awareness about the project at state level is minimal. At any point of time a very few or even hardly anybody has any idea about a project named DRIP being implemented in some districts of Orissa. The district level PCGC meetings are usually held quite regularly but in most of the cases, the discussion on DRIP is limited to the review of credit flow for the period. It is included as part of the agenda as the credit flow with no specific reference to the review of the project as such.

5. The major part of the success depends on the proactive role played by the DDM in the district with active support given by the RO as well as the HO. But in view of the increasing work load of the DDM, the single man office with practically no assistance whatsoever, the expectations are too much.

Suggestions

The interaction with DDMs of DRIP districts in Orissa point out to the following suggestions

1. As per the guidelines, one NGO can conduct 5 REDPs at any point of time. As many of the good and capable NGOs operate in more than one state, it is difficult to find out sufficient number of NGOs to conduct the programmes.

2. If the programme really has to have any impact, some new initiatives may be taken up in DRIP districts. One such initiative may be having negotiations with the big industries to supply raw materials to the ancillary industries. For example, NABARD may enter into an agreement with the industries like Vedanta Alumina Limited to supply the raw material fly ash to the ancillary units.

3. Another way of specific measure could be to foster marketing tie up with the outside agencies for the products of DRIP district. Though the state govt. has tie up with different agencies for the marketing of handicrafts products, the formal tie up may be arranged by NABARD for marketing of various products. However, it is debatable as to what extent it will be plausible / workable in view of the increasing responsibility of the DDM in the district.

4. Some financial incentive may be given to the NGO / individuals who have made efforts to promote rural non farm activities in the district. The scheme may be similar to that of the Individual Rural Volunteers (IRV) introduced by NABARD to promote SHGs. Similar types of incentive may be provided for the NGOs and individuals who have established units in the district.

5. Instead of having such a large number of promotional programmes which are being undertaken in various DRIP districts, the programmes may be restricted to two sub-heads (a) Programme for Project Partners (b) Programmes for Entrepreneurs.

6. More efforts on publicity material for DRIP are required for awareness creation and generating interest in the project. NABARD could even think of joint publicity for DRIP as done in case of KCC by providing assistance to banks under CDF. Posters on DRIP philosophy, depicting information regarding availability of bank loans for RNFS, Swarojgar Credit Scheme etc. can be circulated amongst all branches in the DRIP districts for display within branch premises. This will create more visual impact regarding DRIP amongst bankers and prospective borrowers.

7. Another significant observation of Senior Officers of banks was that hardly any guideline word/ instruction on 'DRIP' comes from their corporate office. There may be a National Level PCGC on DRIP at corporate level., which may meet at least once in a year. Alternatively, at least a communication from NABARD should go to the CMDs of commercial banks, appraising them about DRIP philosophy, our efforts and role expected of them. As a corollary, the role of Controlling Offices of the banks which approve the SAPs prepared by the branches may also be highlighted and Performance Budgets of branches can be dovetailed with SAPs keeping DRIP financing in proper perspective. This will automatically take care of planning for enhanced credit flow in DRIP districts

8. In order to conduct Activity specific promotional programmes e.g., Product Development Workshops, services of NABARD officers at RO / districts or even outside consultants could be utilised. Officers with Agriculture Engineering, Agriculture / Horticulture and Agro-processing background could be associated for conduct of such programmes in DRIP districts.