

Evaluation Study Series No. : Rajasthan - 12

मूल्यांकन अध्ययन क्रमांक संख्या : राजस्थान - 12

**राजस्थान के भीलवाड़ा जिले में
ग्रामीण गैर कृषि क्षेत्र में
निवेश का कार्यान्तर मूल्यांकन अध्ययन**

**An Ex-Post Evaluation Study
of Rural Non Farm Sector Investments
in Bhilwara District of Rajasthan**



राष्ट्रीय कृषि और ग्रामीण विकास बैंक

राजस्थान क्षेत्रीय कार्यालय - जयपुर

National Bank For Agriculture and Rural Development

Rajasthan Regional Office - Jaipur

2006

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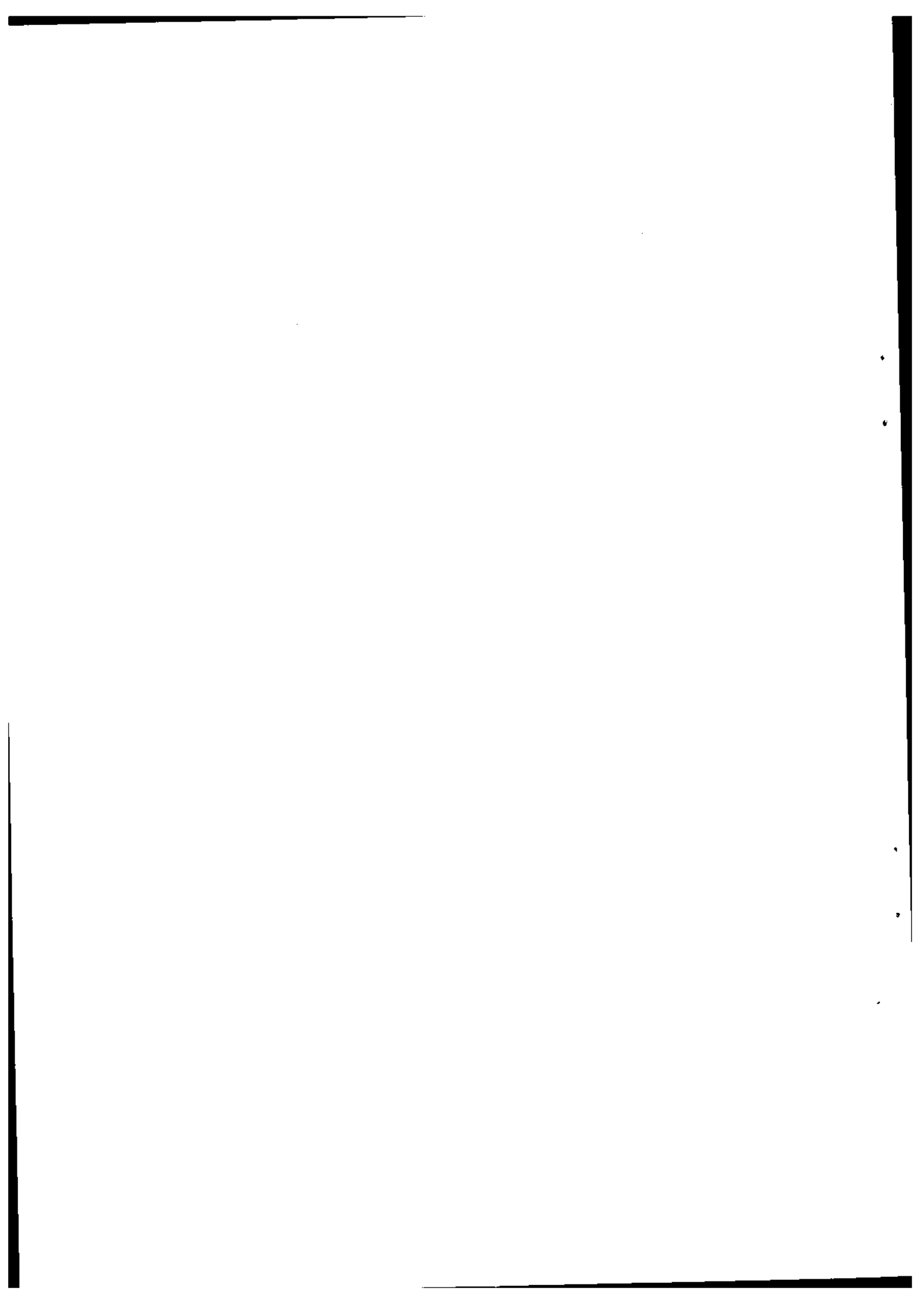
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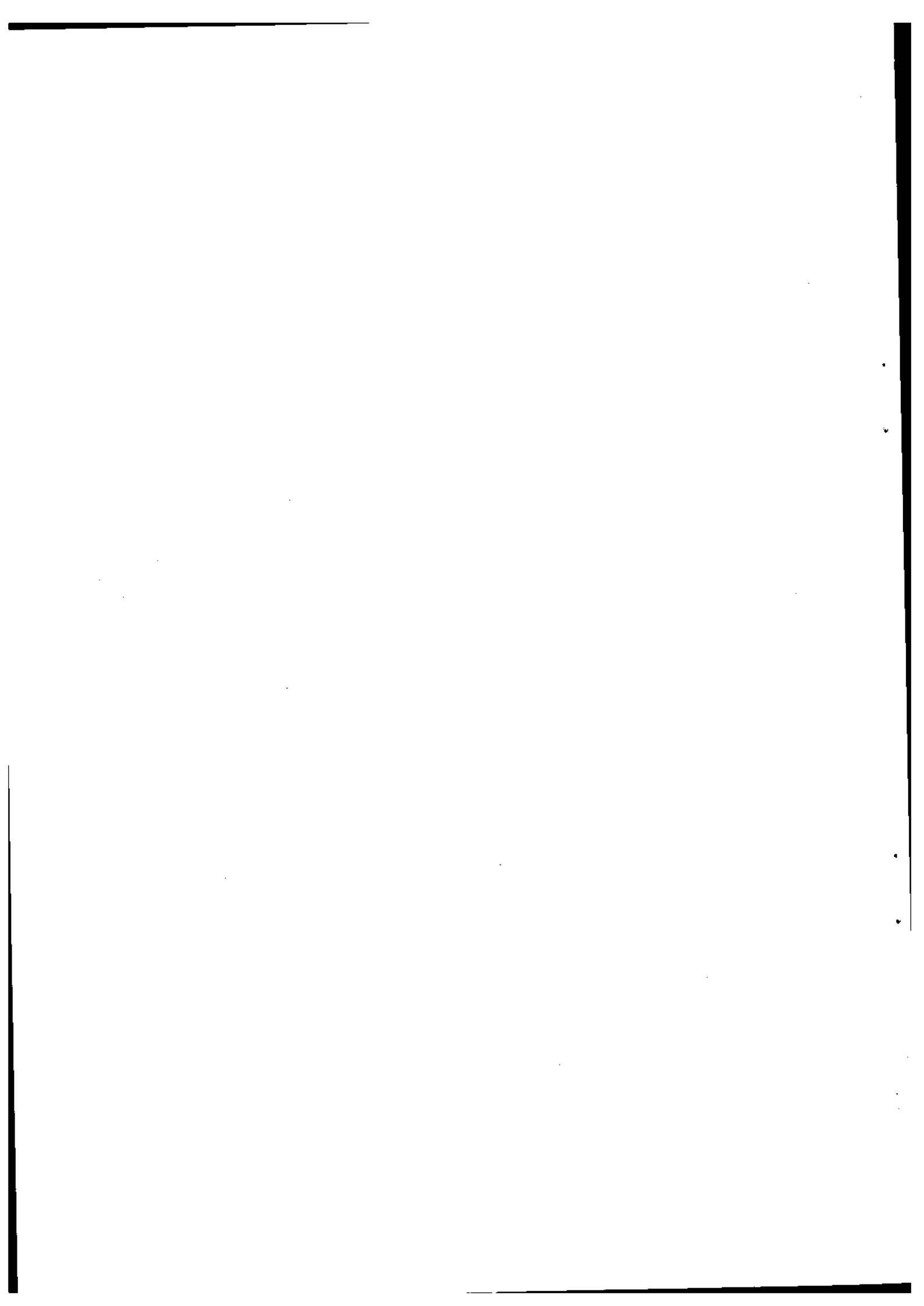
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प्रस्तावना

राजस्थान एक कृषि प्रधान राज्य है. राज्य में कृषि प्रमुखतः वर्षा आधारित है और मानसून पर अति निर्भर है. ग्रामीण गैर कृषि क्षेत्र ग्रामीण जनसमुदाय के लिए अतिरिक्त आय और रोजगार सृजन के अवसरों के लिए विशेष महत्वपूर्ण है. राज्य में गैर कृषि क्षेत्र के विकास की पर्याप्त संभावनाएं हैं क्योंकि यहाँ प्राकृतिक संसाधनों से सम्पन्न कारीगरी और क्राफ्ट की विपुल परम्परा है और यहाँ पारम्परिक कौशलयुक्त कारीगर और मेहनती उद्यमियों की विशेष ठोस आधारशिला है. ग्रामीण गैर कृषि क्षेत्र को प्रोत्साहित करने के लिए नाबाई द्वारा वर्ष 1985-86 से ग्रामीण गैर कृषि क्षेत्र के विकास के लिए पुनर्वित्त प्रदान किया जा रहा है. मार्च 2006 के अन्त तक पुनर्वित्त के रूप में रूपए 639.57 करोड़ की राशि प्रदान की जा चुकी है. ग्रामीण अर्थव्यवस्था में ग्रामीण गैर कृषि क्षेत्र की भूमिका का आकलन करने के लिए राजस्थान के भीलवाड़ा जिले में वर्तमान अध्ययन किया गया है क्योंकि ग्रामीण गैर कृषि क्षेत्र के अन्तर्गत संवितरित पुनर्वित्त का एक बड़ा हिस्सा इस जिले में प्रदान किया गया है.

इस अध्ययन में वर्ष 1999-2000 से 2001-02 तक के दौरान स्वतः पुनर्वित्त योजना के तहत बैंक ऑफ बड़ौदा, प्राथमिक भूमि विकास बैंक, भीलवाड़ा और भीलवाड़ा-अजमेर क्षेत्रीय ग्रामीण बैंक द्वारा वित्तपोषित 47 ग्रामीण गैर कृषि क्षेत्र इकाइयों को शामिल किया गया है. इस अध्ययन में शामिल गतिविधियों को 4 प्रमुख समूहों जैसे मैन्यूफैचरिंग, सेवा, व्यापार और कृषि आधारित यूनिटों में वर्गीकृत किया गया है.

अध्ययन से यह ज्ञात होता है कि ग्रामीण गैर कृषि क्षेत्र यूनिटों द्वारा निवेश के प्रति रूपए 100 पर पारिवारिक श्रम के साथ रूपए 26 और पारिवारिक श्रम के बिना रूपए 34 की पर्याप्त वार्षिक आय सृजित हो रही थी. प्रमुख गतिविधियों में से लघु बिजनेस यूनिटों द्वारा अधिकतम आय अर्जित की जा रही थी और इसके बाद मैन्यूफैचरिंग, सेवा और कृषि आधारित यूनिटों से आय सृजित हो रही थी. इसी प्रकार ग्रामीण गैर कृषि क्षेत्र यूनिटों में प्रति यूनिट लगभग 9 व्यक्तियों का कुल रोजगार सृजित हो रहा था जिसमें परिवार और किराए का श्रम शामिल था. विभिन्न गतिविधियों के बीच मैन्यूफैचरिंग यूनिटों में परिवार और किराए का श्रम के लिए अधिकतम 18 व्यक्तियों का रोजगार सृजित हो रहा था. कृषि आधारित यूनिटों में प्रति यूनिट 2.5 व्यक्तियों, जिसमें केवल पारिवारिक श्रम शामिल है, का रोजगार सृजित हुआ.

मुझे आशा है कि ग्रामीण विकास से सम्बन्धित मुद्दों विशेषकर, ग्रामीण गैर कृषि क्षेत्र में विशेष रुचि रखने वाले व्यक्तियों के अतिरिक्त बैंकों, ग्रामीण विकास संस्थाओं, शिक्षाविदों, नीति निर्माताओं को इससे काफी मदद मिलेगी.

आर. नारायण
मुख्य महाप्रबन्धक

FOREWORD

Rajasthan is predominantly an agrarian State. Agriculture in the State is essentially rainfed, highly susceptible and vulnerable to the vagaries of the monsoon. The rural non-farm sector is crucial for generating additional income & employment opportunities for large segment of the rural masses. The state has vast potential for development of the non-farm sector as it has a rich tradition of artisans/crafts, is endowed with natural resources, has a strong base of traditionally skilled manpower and hard working entrepreneurial people. In order to promote RNFS, NABARD has been extending refinance for the development of rural non-farm sector since 1985-86. An amount of Rs. 639.57 crore has been provided as refinance till the end of March 2006. The present study, to evaluate role of RNFS in the rural economy was undertaken in Bhilwara district as it was the recipient of substantial share of refinance disbursement under RNFS.

The study covered 47 RNFS units financed by Bank of Baroda, PLDB, Bhilwara and Bhilwara-Ajmer Kshetriya Gramin Bank during 1999-2000 to 2001-2002 under ARF. The activities covered were classified into four major groups viz., manufacturing, services, trading and agro- based units.

The study revealed that RNFS units were, creating sufficient annual income of Rs 26 with family labour and Rs 34 without family labour per Rs 100 of investment. Among the major activities, small business units were generating maximum level of income followed by manufacturing, services & agro-based units. Similarly, RNFS units generated a total employment for about 9 persons which is inclusive of family and hired labour per unit. Across the activities, the manufacturing units had generated maximum employment for 18 persons both for family and hired labour. The agro-based units had generated minimum employment for 2.5 persons per unit exclusively for family labour.

I hope that the findings of the study will be of immense help to the banks, rural development institutions, academicians, policy makers, besides others who have interest in the issues relating to Rural Development especially the RNF sector.

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कार्य निष्पादन सारांश

1. इस अध्ययन में ग्रामीण गैर कृषि क्षेत्र (RNFS) यूनिटों की स्थिति और उनकी कार्यकुशलता की और उसमें अपेक्षित सुधारों के उपायों की जाँच का कार्य किया गया है। इस अध्ययन में वर्ष 2002-03 के संदर्भ में 47 उधारकर्ताओं, जिसमें मैन्युफैक्चरिंग (पॉवरलूम, ईट बनाने, फर्नीचर बनाने, प्लास्टिक ग्रेन्यूल बनाने, प्लास्टिक पाइप बनाने, आरसीसी पाइप, चूड़ियाँ और कार्डबोर्ड बनाना) सेवा क्षेत्र (टेंट हाउस, हाईड्रोलिक क्रेन, बोरिंग मशीन और निर्माण सम्बन्धी सामग्री), छोटे व्यापारी और कृषि आधारित यूनिटों का अध्ययन किया गया है। इन गतिविधियों में से अधिकांश पारम्परिक प्रकृति की थीं। विस्तार/प्रमोशनल एजेन्सियों के अलग अलग दृष्टिकोणों और निधियों की कमी के कारण उधारकर्ताओं को यूनिट स्थापित करने में किसी प्रकार का कोई तकनीकी मार्गदर्शन प्राप्त नहीं हुआ। बैंक ऑफ बड़ौदा और भीलवाड़ा-अजमेर क्षेत्रीय ग्रामीण बैंक के कुल 18 उधारकर्ताओं ने अपने आवेदन पत्र खादी और ग्रामोद्योग आयोग से प्रायोजित करवाए थे।

2. कोई भी वित्तपोषक बैंक उनके द्वारा वित्तपोषित किसी भी गैर कृषि क्षेत्र गतिविधि के लिए किसी प्रकार का कोई प्रोजेक्ट प्रोफाइल तैयार/नहीं रखा गया था। बैंक ऑफ बड़ौदा और भीलवाड़ा-अजमेर क्षेत्रीय ग्रामीण बैंक के मामले में प्रायोजित प्रोजेक्ट का विस्तार में आकलन केवीआईसी द्वारा ही किया गया था। चूंकि प्राथमिक भूमि विकास बैंक के पास ग्रामीण गैर कृषि क्षेत्र गतिविधियों के आकलन के लिए कोई विशेषज्ञता नहीं थी, इस कारण उनके आवेदन पत्र आकलित किए बिना ही मंजूर किए गए। वाणिज्यिक बैंकों और क्षेत्रीय ग्रामीण बैंक अपने गत अनुभवों के आधार पर बड़े पैमाने वाले यूनिटों का वित्तपोषण कर रहे थे जबकि प्राथमिक भूमि विकास बैंक उस विशेष गतिविधि के लिए निर्धारित यूनिट लागत के आधार पर छोटे पैमाने के यूनिटों का वित्तपोषण कर रहा था। प्राथमिक भूमि विकास बैंक ऋणों की मंजूरी के लिए एक से दो सप्ताह का समय ले रहा था वहीं भीलवाड़ा-अजमेर क्षेत्रीय ग्रामीण बैंक और बैंक ऑफ बड़ौदा 29-78 दिन तक का समय ले रहा था।

3. गैर कृषि क्षेत्र निवेश मुख्यतः प्लाण्ट और मशीनरी की खरीद के लिए मीयादी ऋण और 2/3 चक्रों की कार्यशील पूंजी के समिश्र ऋणों के रूप में दिए जा रहे थे। किसी यूनिट की स्थापना के लिए मीयादी ऋण दो से पाँच किश्तों में वितरित किए जा रहे थे। कार्यशील पूंजी सामान्यतः प्रत्येक चक्र के आरम्भ में दी जा रही थी। प्राथमिक भूमि विकास बैंक के मामले में कार्यशील पूंजी का पूंजीकरण किया गया था।

4. सामान्यतः, पाँच वर्षों की चुकौती अवधि, जिसमें कोई छूट अवधि शामिल न होने से पाँच माह की छूट अवधि सहित थी परन्तु पूरा ऋण, ऋण वितरण की तारीख से पाँच वर्ष की अवधि के भीतर चुकाया जा रहा था। इसके परिणामस्वरूप छोटी यूनिटों पर चुकौती देयता का काफी दबाव होने के कारण वे चूक कर रहे थे। वित्तपोषित बैंकों द्वारा ब्याज की दर वित्तपोषित गतिविधि में निवेश के पैमाने के आधार पर 12 से 15.5% के मध्य थी।

5. प्राथमिक भूमि विकास बैंक के मामले में संपार्श्विक (कोलेटरल) प्रतिभूति किसानोंकी केवल भू-जोत ही थी। भीलवाड़ा-अजमेर क्षेत्रीय ग्रामीण बैंक और बैंक ऑफ बड़ौदा उधारकर्ता यूनिट की प्लाण्ट और मशीनरी और अन्य अचल परिसम्पत्तियों को संपार्श्विक प्रतिभूति के रूप में रख रहे थे। मार्जिन मनी की रेंज 5% से शुरू होकर 43.7% के बीच थी और इसकी औसत रेंज 11.5% थी। जैसाकि छोटे व्यापारियों द्वारा गैर कृषि क्षेत्र यूनिटों के ब्यारे उनके खाता बहियों में सही प्रकार से परिलक्षित नहीं हो रहे थे, इस कारण वित्तपोषण बैंक गैर कृषि क्षेत्र यूनिटों के लिए कार्यशील पूंजी अपेक्षाओं का भली भाँति आकलन करने में समर्थ नहीं थे। छोटे उधारकर्ताओं के मामले में स्वीकृत ऋण अपर्याप्त होने के कारण कम वित्तपोषित हो रहे थे।

6. जैसाकि प्राथमिक भूमि विकास बैंक के सैंपल (नमूने के तौर पर शामिल) उधारकर्ता पारम्परिक गतिविधि कर रहे थे, इस कारण उसके लिए किसी प्रकार की कोई औपचारिक प्रशिक्षण की आवश्यकता नहीं थी। क्षेत्रीय ग्रामीण बैंक और बैंक ऑफ बड़ौदा द्वारा वित्तपोषित सैंपल यूनिटों के उधारकर्ता सैंपल के तौर पर पहले छोटी व्यापारी गतिविधियों में लगे हुए थे। राज्य/केन्द्र सरकार का कोई डवलपमेंट विभाग/एजेन्सी अथवा गैर सरकारी संगठन जिले में गैर कृषि क्षेत्र गतिविधियों के प्रोमोशन में कार्यरत नहीं था।

7. क्षेत्रीय ग्रामीण बैंक और बैंक ऑफ बड़ौदा द्वारा वित्तपोषित सैंपल यूनिटों के द्वारा ऋणों की नियमित रूप से चुकौती की जा रही थी. उनमें से कुछ के खाते अभी पूरे होने की अवस्था में थे. परन्तु प्राथमिक भूमि विकास बैंक द्वारा वित्तपोषित अधिकांश यूनिट अपने ऋणों की चुकौती समय पर नहीं कर सके थे. यूनिटों की विद्युत आपूर्ति अनिश्चित, अपर्याप्त और मंहगी थी. विद्युत के भारी बिलों से बचने और अनियमित विद्युत आपूर्ति के कारण अपने यूनिटों के सुचारु कामकाज के लिए वे डीजल जनरेटर सैटों का प्रयोग कर रहे थे. यूनिटों को पानी की आपूर्ति भी संतोषप्रद नहीं थी.
8. सभी सैंपल यूनिट नए थे और उनमें से केवल 28 (59.6%) यूनिट ही काम कर रहे थे. चालू यूनिट अधिकांशतः बड़े यूनिट थे और शहर/कस्बों के नजदीक स्थित थे. उनके द्वारा तैयार माल नगरों/मैट्रो में बेचा जा रहा था. दूसरी ओर छोटे यूनिट अपनी क्षमता से कम उत्पादन कर रहे थे.
9. औसत दृष्टि से, ग्रामीण गैर कृषि क्षेत्र यूनिटों को अपनी ब्लॉक पूंजी अपेक्षाओं को पूरा करने के लिए निधियों का 77.5% और कार्यशील पूंजी अपेक्षाओं के लिए 22.5% लगाया जाना अपेक्षित था. मैनुफैचरिंग यूनिटों को ब्लॉक पूंजी के लिए निधियों के 79.5% और शेष कार्यशील पूंजी के लिए 20.5% लगाया जाना अपेक्षित था. छोटे बिजनेस यूनिटों को ब्लॉक पूंजी के लिए 65.5% और कार्यशील पूंजी के लिए 34.5% लगाया जाना अपेक्षित था. कृषि आधारित यूनिटों को ब्लॉक पूंजी आवश्यकताओं को पूरा करने के लिए निधियों के 66.9% और कार्यशील पूंजी अपेक्षाओं के लिए 33.1% हिस्सा लगाया जाना अपेक्षित था. इसी प्रकार सर्विस यूनिटों को ब्लॉक पूंजी अपेक्षाओं के लिए निधियों के 78.4% और कार्यशील पूंजी अपेक्षाओं के लिए शेष 21.6% हिस्सा लगाया जाना अपेक्षित था.
10. क्षेत्रीय ग्रामीण बैंक और बैंक ऑफ बड़ौदा द्वारा वित्तपोषित बड़े पैमाने के यूनिटों के द्वारा अपनी कार्यशील पूंजी को पूरा करने के लिए उधारकर्ताओं द्वारा अपनी सीसी लिमिट में से पूरा किया जा रहा था जो छोटे व्यापार जैसे अन्य उद्देश्यों के लिए उन्हें पहले स्वीकृत की गई थीं. जैसाकि इस क्षेत्र में लगातार सूखे की स्थिति थी, इस कारण ग्रामीण क्षेत्रों में उनके ग्राहकों से कृषि

उपकरणों आदि की मरम्मत जैसी किसी सेवा की कोई मांग नहीं मिल रही थी. इस कारण छोटे यूनिटों को अपने यूनिट बन्द करने पड़े थे.

11. औसतन, रूपए 100 के प्रति निवेश पर वार्षिक निवल आय, जिसमें पारिवारिक श्रम शामिल था/नहीं था, के लिए क्रमशः रूपए 25.75 और रूपए 33.51 पाई गई जिससे यह इंगित होता है कि ग्रामीण गैर कृषि क्षेत्र यूनिट पर्याप्त आय सृजित कर रहे थे. जब सब्सिडी शामिल की गई तो निवेश के रूपए 100/- पर निवल आय पारिवारिक श्रम के बिना रूपए 29.22 और पारिवारिक श्रम को शामिल करते हुए रूपए 38.03 थी. छोटे बिजनेस यूनिट जहाँ अधिकतम लाभ सृजित कर रहे थे वहीं एग्रो आधारित यूनिट घाटे में चल रहीं थीं. समग्रतः ग्रामीण गैर कृषि क्षेत्र यूनिट 9.19 लोगों का रोजगार सृजित कर रहे थे जिसमें 1.59 पारिवारिक श्रम और 7.59 भाड़े के मजदूर थे. कुल रोजगार 2428.67 श्रम दिवस सृजित हुए जिसमें 411.27 श्रम दिवस पारिवारिक और 2017.41 श्रम दिवस भाड़े के मजदूरों के शामिल हैं. सभी गतिविधियों में मैनुफैचरिंग यूनिटों में अधिकतम रोजगार सृजित हुआ. इसमें 18.11 व्यक्तियों, जिसमें पारिवारिक श्रम के लिए 2.55 और भाड़े के मजदूरों के लिए 15.56 व्यक्तियों के लिए रोजगार सृजित हुआ जबकि एग्रो आधारित यूनिटों के लिए पारिवारिक श्रम के लिए 2.47 व्यक्तियों के लिए न्यूनतम रोजगार सृजित हुआ.

12. सब्सिडी को शामिल करते हुए और उसको न शामिल करते हुए इन दोनों ही मामलों में एग्रो आधारित गतिविधियों के अतिरिक्त ग्रामीण गैर कृषि क्षेत्र के निवेश, पारिवारिक श्रम को शामिल करते हुए अथवा उसके बिना, दोनों ही स्थितियों में व्यवहार्य थे क्योंकि व्यवहार्यता के लिए 15% की प्रारम्भिक दर (लिमिट) से एफआरआर अधिक था. वस्तुतः जब पारिवारिक श्रम को शामिल नहीं किया जाता, सब्सिडी के साथ अथवा उसके बिना, दोनों ही मामलों में एफआरआर 50% से अधिक था. ईट बनाने की गतिविधि पारिवारिक श्रम को शामिल करते हुए अथवा उसके बिना, दोनों ही स्थितियों में एफआरआर के नकारात्मक होने के कारण व्यवहार्य नहीं थी. टेंट हाउस के मामले में पारिवारिक श्रम को शामिल कर अथवा न शामिल करते हुए दोनों ही स्थितियों में व्यवहार्य थी. इसके अतिरिक्त सेवा क्षेत्र गतिविधियाँ पारिवारिक श्रम को शामिल न करते हुए व्यवहार्य थी.

13. औसत दृष्टि से, ग्रामीण गैर कृषि क्षेत्र की गतिविधियों को व्यवहार्यता हासिल करने के लिए अपने परिचालनों को 56% तक बढ़ाना अपेक्षित था. यदि पारिवारिक श्रम को शामिल किया जाता और बिना पारिवारिक श्रम के परिचालनों को 63% तक बढ़ाया जाना अपेक्षित था. मैनुफैक्चरिंग गतिविधियाँ, छोटी व्यापारिक तथा सेवा क्षेत्र गतिविधियाँ जब उनमें पारिवारिक श्रम शामिल किया गया तो व्यवहार्यता प्राप्त करने के लिए उनके परिचालनों में क्रमशः 56, 73 और 12% वृद्धि अपेक्षित थी जबकि एग्रो आधारित गतिविधियों में यदि उनके परिचालनों को 202 % तक घटाया जाए तो भी व्यवहार्य थीं. जब पारिवारिक श्रम को हटा दिया गया तो मैनुफैक्चरिंग, छोटी व्यापारिक, कृषि आधारित और सेवा क्षेत्र गतिविधियों को व्यवहार्यता हासिल करने के लिए अपने परिचालनों में क्रमशः 61, 80, 53 और 41% वृद्धि अपेक्षित थी.

14. संपल उधारकर्ताओं का चुकौती निष्पादन 92.2% पर सर्वोत्तम था. यह सर्वोत्तम चुकौती निष्पादन बैंकों द्वारा वित्तपोषित मैनुफैक्चरिंग और सेवा क्षेत्र गतिविधियों में वित्तपोषण के कारण था जिन्होंने अग्रिम चुकौतियाँ की थीं. छोटी व्यापारिक गतिविधियों की वसूली कम थी (26%) और एग्रो आधारित गतिविधियों के मामले में कोई चुकौती नहीं थी. कुल संपल के 46% चूककर्ता थे. कुल 23 चूककर्ताओं में से 16 (70%) चूककर्ता फसलों के सूखा ग्रस्त स्थितियों के लगातार होने और अपर्याप्त/अनिश्चित विद्युत आपूर्ति के कारण फसलों के नष्ट होने के कारण थे और इसके बाद पारिवारिक प्रतिबद्धताओं (61%) और चूककर्ताओं के कर्जदार होने के कारण (52%) चूककर्ता थे. कुल चूककर्ताओं के लगभग 35% जानबूझकर चूक करने वाले थे.

15. विभिन्न ग्रामीण गैर कृषि क्षेत्र गतिविधियों के लिए ऋण सेवा देयता निवल आय के अनुपात में क्रमशः (-)23.2 से 39.8% के बीच थी जिस कारण ये आवश्यक है कि सभी गतिविधियों के लिए चुकौती अवधियों को तर्कसंगत आधार पर तय किया जाए.

नीतिगत मामले और सुझाव

16. लगभग सभी ग्रामीण गैर कृषि क्षेत्र यूनिटों के द्वारा पेश आने वाली प्रमुख रुकावट बड़े यूनिटों से मिलने वाली सख्त प्रतिस्पर्धा थी. छोटे यूनिटों को निर्माण और उत्पादन, दोनों ही प्रकार

से बड़े यूनिटों के साथ गठजोड़ करने की आवश्यकता है। इस प्रकार के गठबंधन के लिए सबसे महत्वपूर्ण पूर्व शर्त गुणवत्ता नियंत्रण की है जिसका सेंपल यूनिटों द्वारा सख्ती से अनुपालन किया जाए। तथापि यह एक कष्टकारक स्थिति है कि ईट भट्टों और टेंट हाउस आदि बड़े ही दूषित स्थानों पर परिचालित किए जा रहे थे।

17. जिले में एगो प्रोसेसिंग यूनिटों जैसे लघु पैमाने के ग्रामीण गैर कृषि क्षेत्र यूनिटों के लिए काफी संभावनाएं हैं। हालांकि राज्य सरकार की नीतिगत पहलें काफी प्रोत्साहक रही हैं परन्तु सामान्य उपयोगिता वाली सेवाएं जैसे पानी और विद्युत आपूर्ति इन यूनिटों को प्रगति की राह में बढ़ने में मुख्य रूकावट के रूप में सामने आयी हैं।

18. प्रोसेस्ड उत्पादों के लिए बाजार में कभी किसी प्रकार की कोई कमी नहीं होती है और इस पृष्ठभूमि के साथ नमकीन बनाने, दूध प्रोसेसिंग आदि जैसे ग्रामीण गैर कृषि क्षेत्र यूनिटों में विस्तार और सुधार की पर्याप्त संभावनाएं हैं। सम्बन्धित यूनिटों के समूहों को एक क्लस्टर के रूप में समन्वित तरीके से गठित किया जाना आवश्यक है ताकि सह-उत्पादों की बिक्री साथ-साथ सम्भव हो सके। समूह के लिए अग्रिम प्रबन्ध और विपणन तरीकों को शुरू करने की आवश्यकता है। मास-मीडिया, तकनीकी विकास रिसर्च गतिविधियों और प्रशिक्षण कार्यक्रमों के माध्यम से सूचनाओं के विस्तार और प्रसार में सुधार लाने की भी आवश्यकता है।

EXECUTIVE SUMMARY

1. The present study was undertaken to examine the health and sustainability of RNFS units and the remedial measures required for the same. A sample of 47 borrowers included manufacturing (power looms, brick making, furniture making, plastic granules making, plastic pipes making, RCC pipes making, bangles making and card board making), service (tent house, hydraulic crane, boring machine and construction material), small business and agro-based units with 2002-03 as the reference year. A majority of these activities were traditional in nature. Owing to indifferent attitude of the extension/promotional agencies and the funds crunch, the borrowers had not received any technical guidance in setting up the unit. A total of 18 borrowers of BoB and BAKGB had got their applications sponsored by KVIC.
2. None of the financing banks had prepared/were keeping any project profiles for any NFS activity financed by them. In case of BoB and BAKGB, sponsored cases were appraised in detail by KVIC only. Since the PLDB did not have the requisite expertise for appraising the RNFS activities, there was no real pre sanction appraisal of the loan applications. CBs and RRB were financing the large-scale units based on their past experience while PLDB was financing the small-scale units on the basis of unit cost fixed for the activity. PLDB took only 1 to 2 weeks time for sanction of loans while BAKGB and BoB, generally, took 29-78 days.
3. NFS investments were financed mainly as composite loan consisting of the term loan for purchasing the plant & machinery. BOB and BAKGB were disbursing term loan and working capital separately. The term loan for establishing a unit was disbursed in 2-5 instalments. The working capital was generally disbursed at the start of each cycle. As PLDB did not have provision of disbursing the working capital, depending upon the raw material requirement, the working capital for two/three cycles was capitalised.
4. Generally, a repayment period of 5 years including the grace period was allowed with a range of no grace period to 5 months but the entire loan was to be repaid within a period of 5 years from the date of loan disbursement. This had resulted in a heavy repayment liability on the small units making them liable to default. The interest rate charged by the financing banks varied from 12 per cent to 15.5 per cent as per the scale of investment in the activities financed.
5. The collateral security in case of PLDB was land holding of the borrower only. BAGB and BoB were taking plant & machinery of the unit and other immovable properties of the borrower as the collateral security. The margin money ranged from 5 per cent to as high as 43.7 per cent with an average of 11.5 per cent. As the trading by the NFS units was not properly reflected in their books of account, the financing banks were not able to assess properly the working capital requirements of the NFS units. In majority cases of small borrowers, the loan sanctioned was inadequate leading to under financing.
6. As all the sample borrowers of PLDB had taken up the traditional activity, there was no need for any formal training. In case of sample units financed by the RRB and BoB, the borrowers were engaged in trading activity of the sample unit before taking up the activity. None of the development department/agency of the state/central government or NGO was involved in promoting the NFS activities in the district.

7. The sample units financed by RRB and BoB had repaid the loan regularly. Some of them were even on the verge of closing their accounts. But a majority of the units financed by PLDB could not repay the loan in time. The power supply to the units was inadequate, erratic and costly. To avoid heavy electricity bill and uncertain power supply, the small borrowers had preferred to use DG set for smooth functioning of their units. The water supply to the units was also not satisfactory.

8. All the sample units were new units out of which only 28 (59.6%) units were functional. The functional units were mostly large units, operating in the vicinity of the cities/towns. Their products were being marketed in the cities/metros. On the other hand the smaller units were operating below their capacity.

9. On an average, the RNFS units required about 77.5 per cent of the funds for meeting block capital needs and rest 22.5 per cent for working capital needs. The manufacturing units required about 79.5 per cent of the funds for meeting block capital needs and rest 20.5 per cent for working capital needs. The small business units required about 65.5 per cent of the funds for meeting block capital needs and rest 34.5 per cent for working capital needs. The agro-based units required about 66.9 per cent of the funds for meeting block capital needs and rest 33.1 per cent for working capital needs. The service units required about 78.4 per cent of the funds for meeting block capital needs and rest 21.6 per cent for working capital needs.

10. The large sized units financed by RRB and BoB were meeting working capital from the CC limit maintained by the borrowers (sanctioned earlier) for other purposes like trading. Since the area has been facing recurring droughts, there was no demand for such services like repair of agricultural implements, etc. from their clientele in rural areas. Hence the small units were compelled to close their units.

11. On an average, annual net income per Rs.100 of investment with and without family labour was observed to be Rs.25.75 and Rs.33.51, respectively indicating thereby that the RNFS units were generating sufficient income. When the subsidy was included, annual net income per Rs.100 of investment with and without family labour was observed to be Rs.29.22 and Rs.38.03, respectively. The small business units were generating maximum profit while the agro-based were running in losses. Overall the RNFS units had generated a total employment for 9.19 persons including 1.59 family labour and 7.59 hired labour. The total employment generated was 2428.67 mandays including 411.27 mandays for family labour and 2017.41 mandays for hired labour. Across the activities, the manufacturing units had generated maximum employment for 18.11 persons including 2.55 for family labour and 15.56 for hired labour while agro-based units had generated minimum employment for 2.47 persons exclusively for family labour.

12. In both the cases of considering and ignoring subsidy, excepting the agro-based activities, the RNFS investments were viable with and without the inclusion of family labour as the FRR exceeded the threshold limit of 15 per cent for attaining viability. In fact with and without considering subsidy, the FRR was more than 50 per cent in both the cases, when the family labour was excluded. Brick making activities was not viable as the FRR was negative in both the cases of including and excluding family labour. The service activities became viable when the family labour was not considered excepting tent house in both the cases of inclusion and exclusion of family labour.

13. On an average, for attaining viability, RNFS activities required about 56 per cent increase in their operations when family labour was included and about 63 per cent increase in their operations when family labour was excluded. When the family labour was included, manufacturing activities, small business activities and service activities required 56, 73 and 12 per cent increase in their operations to attain viability while agro-based activities were viable even by decreasing their operations by 202 per cent. When the family labour was excluded, manufacturing activities, small business activities, agro-based activities and service activities required 61, 80, 53 and 41 per cent increase in their operations to attain viability.

14. The repayment performance of the sample borrowers was excellent at 92.2 per cent. The excellent repayment performance was due to the manufacturing and service activities financed by the banks, which had made advance repayments. The recovery was poor in case of small business (about 26%) and there was no recovery in case of agro-based activities. The defaulters accounted for about 46 per cent of the total sample size. Of the total 23 defaulters, 16 (about 70 %) attributed the default to crop failure due to recurring drought conditions combined with inadequate/ erratic supply of electricity, followed by heavy family commitments (61%) and indebtedness (52%) of the defaulters, respectively. The wilful default was reported by about 35 per cent of total defaulters.

15. The debt service liability as proportion of net income ranged between (-) 23.2 to 39.8 per cent for various RNFS activities, suggesting thereby that there is a need for rationalisation of repayment period for all the activities.

Policy Issues and Suggestions

16. One major constraint faced by almost all the RNFS units was the tough competition from the large units. The small units need to forge alliance with big units both in the matter of making and production. The most important pre condition for such type of tie up is the quality control regime, which has to be followed up strictly by the sample units. It was however disheartening to see the unhygienic surroundings in which the brick kilns, tent houses, etc. were operating.

17. There is vast scope for RNFS units such as small-scale agro-processing units in the district. Even though the policy initiative of the State Govt. has been quite encouraging, the lack of general utility services like water and electricity has been cited as the main stumbling blocks on the path of progress of these units.

18. The market for the processed products is an ever-increasing one and in this background the RNFS units like namkeen making, milk processing, etc. stand a very good chance of improving their performance. Related groups of units have to be set up in a coordinated manner in a cluster so that utilisation of by products can be possible simultaneously. Advanced management and marketing methods needs to be introduced for the cluster. Extension and dissemination of information through mass media, technical development research activities and training programmes need to be improved.

BASIC DATA SHEET

Financing Bank : Primary Land Development Bank, Bhilwara; Bhilwara
 Ajmer Kshetriya Gramin Bank and Bank of Baroda
Period of Financing : 1999-2000 to 2001-02
Reference Year of the Study : 2002-03
Period of Field Visit : December 2003
Sample Size :

Activity	BAKGB	BoB	PLDB	Total
<i>Manufacturing Units</i>				
Power looms	3			3
Brick making,	1		2	3
Furniture making	2	3		5
Plastic granules making	1			1
Plastic pipes making	1			1
RCC pipes making		1		1
Bangles Making	1			1
Card Board Making	2	0		2
<i>Total</i>	<i>11</i>	<i>4</i>	<i>2</i>	<i>17</i>
Small business Units	3	8	4	15
Agro-based Units	1	1	5	7
<i>Service Units</i>				
Cycle repairing	1		2	3
Tent house			2	2
Hydraulic Crane		1		1
Boring Machine		1		1
Construction Material			1	1
<i>Total</i>	<i>1</i>	<i>2</i>	<i>5</i>	<i>8</i>
Grand Total	16	15	16	47

Chapter I

INTRODUCTION

1.1 Over the past two decades the share of agriculture in India's GDP has declined from over one-third to just about one fourth. The share of employment in this sector has also declined to around sixty per cent of the total work force. It is understood that development of agriculture alone cannot provide solution for alleviating poverty and unemployment. It is estimated that with the growth of economy the share of agriculture in GDP may come down to 22 per cent and employment in agriculture sector is expected to get stabilised at 56 per cent. With the modernisation of agriculture its ability to absorb labour at 60 per cent of total work force may also decline which will adversely affect per capita income of those engaged in agriculture.

1.2 While agricultural work force has increased by 2.2 per cent per annum during the last 25 years the average rate of employment generation stood at only 1.8 per cent per annum leaving a huge number of unemployed/ under employed. Planners have been emphasising that agriculture and other land based activities with a reasonably high rate of growth and possible diversification may not be able to provide employment to all the rural workers at adequate level of income. Further, technological and organisational growth accompanying agricultural growth is likely to lead to a declining employment potential of future growth. Even allowing that some of them will be able to find adequately remunerative jobs on migration to urban areas it is, therefore, desirable that rural economy gets diversified into different agricultural and non-agricultural activities to provide productive employment to the growing rural labour force and also to reduce the wide economic differences between rural and urban areas.

1.3 This sector plays a crucial role in achieving integrated rural development because of its special characteristics like low capital requirements, labour-intensive nature, short gestation period and creation of employment opportunities. The Rural Non-Farm units use local natural resources, involve low level of technology, are environment friendly, contribute significantly in improving the quality of rural life by providing consumer goods locally in demand, add value to agricultural produce and increase productivity by providing inputs to agriculture.

1.4 The sector has been widely recognised as having vast potential for creating additional employment and income generation opportunities for the rural work force at the rate of 2.5 per cent per annum. Promotion of non-farm sector is given priority to provide gainful employment to the surplus labour in agriculture sector as well as landless labourers in rural areas with a view to supplementing their income.

1.5 The importance of the RNFS activities also stems from the basic character of the Indian economy. According to 2001 census data 72.28 per cent of Indian population lives in villages and at 2.14 per cent growth per year in population, the addition to population is approximately 18 million, which necessitate creation of additional employment opportunities. As per employment pattern about 56 per cent workers are employed in agriculture & allied activities (Primary Sector) and rest are employed in secondary and tertiary sector. While agriculture, industry and services constitute 22, 21.7 and 56.3 per cent of GDP respectively the labour force engaged in each activity works out to 57 per cent, 29 per cent and 34 per cent, respectively.

1.6 As majority of operational land holding in the country are in the range of 0-1 ha. (57%) and 1-2 ha. (18%) and also in view of the fact that about two third lands are still rain fed the new entrants from these small land owning families may have to look beyond agriculture for employment and survival. According to a study of Planning Commission about one million persons are getting displaced from agriculture every year and organised sector of industry generates job for only 10 per cent of incremental work force. This inability of agriculture and organised industry to generate employment opportunities underscores the need for alternative avenues for creation of gainful employment opportunities in rural areas, which could also help in arresting migration to urban areas. The Report of Study Group of NFS by Vijay Mahajan estimated the growth in non-agricultural employment at about 5.4 per cent per annum.

1.7 In view of the unique features of Rural Non-Farm Sector, NABARD's Vision and Mission of RNFS is to evolve loan products, channels and policies for the rural industrial sector (which in this context includes small, tiny, cottage and village industries, handicrafts and other rural crafts and related service sector) and network with banks, NGOs and other agencies for promoting enterprises and entrepreneurs so as to generate sustainable employment opportunities for the rural population with focus on poor, women and other

weaker sections. The task of promoting, developing and financing non-farm sector is challenging and onerous due to its special features. The units are totally decentralised, thinly and widely dispersed; enormous range of products, traditional as well as non-traditional; vast disparity in technology employed as well as in the scale of production; lack of standards and standardisation; diverse nature of markets from local, regional to national and international; serious infrastructural constraints in rural areas for development of the sector; financial, marketing and managerial constraints; lack of systematic extension efforts in use of new tools and techniques of production and above all a tendency to remain small, in most cases this is a reflection of cultivated complacency coming from what Gunnar Myrdal in his book Asian Drama called 'Soft State'

1.8 The Human Development Report for 1999 of UNDP gives the Human Development Index (HDI) for Rajasthan at 0.356 as against 0.603 for Kerala and all India value of 0.4236. The economy of Rajasthan is characterized by slow growth rate, wide gap between state and national per capita income, caused partly by rapidly increasing population, hostile physical environment, frequent visitations of drought and famine, inadequate infrastructure and low productivity in many sectors besides its poor inheritance at the time of its formation and long international border. However, Rajasthan has a rich and proud tradition of enterprise from its human resources. It has rich mineral deposits and it possesses a comparative advantage in agricultural and animal husbandry products. A half-century of planned development has made rapid strides, especially in commodity producing sectors. Yet, the state continues to be in the lowest quartile, as compared to the 15 major states, in terms of major indicators like literacy, per capita income, etc. A large portion of the population suffers from deprivation in matters of health, water supply, etc. The major constraints in the way of economic development are vast stretches of land associated with deficient and erratic rainfall, overall lack of water resources resulting in dependence on other states for meeting its water and power requirements, high cost of providing services in view of the large area with scattered habitation and relatively long distances between habitations, specially in the desert zone. In 2003-04, the per capita income of Rajasthan (at constant prices: 1993-94) was estimated at Rs.8571/- as against an all India per capita income of Rs.11684/- and Rajasthan is ranked at the 10th position out of 14 major states. The primary sector (Agriculture, Animal Husbandry, Fisheries, etc.), contributes about 40-50 per cent to the total State Domestic Product. There is, however, wide fluctuation from year to year in this contribution as a result of the vagaries of

the monsoon. The rural non-farm sector is therefore crucial for generating additional income & employment opportunities in the State. Rajasthan has vast untapped potential for development of the non-farm sector as it has a rich tradition of artisans/crafts, is endowed with natural resources, has a strong base of traditionally skilled manpower and hard working entrepreneurial people.

1.9 The ground level credit (GLC) provided for various NFS schemes has increased substantially in the recent past in Rajasthan. Agency-wise flow of GLC to NFS in Rajasthan in the last four years is given in Table-1.1.

Table 1.1
Agency-wise flow of Ground Level Credit for NFS in Rajasthan

(Rs. crore)					
Year	CBs	Coops	RRBs	Others	Total
2001-02	420.79 (71.19)	19.16 (3.24)	33.91 (5.74)	117.26 (19.84)	591.12 (100.00)
2002-03	385.40 (75.05)	16.65 (3.24)	19.85 (3.86)	91.65 (17.85)	513.55 (100.00)
2003-04	613.85 (82.24)	20.19 (2.70)	17.77 (2.38)	94.57 (12.67)	746.38 (100.00)
2004-05 (Projected)	584.72 (63.39)	52.20 (5.66)	36.64 (3.97)	248.82 (26.98)	922.38 (100.00)
ACGR (%)	14.73	37.71	1.22	25.71	18.63

Figures in parentheses indicate the percentage to respective total.

Others include State Finance Corporation, Rajasthan State Industrial Development and Investment Corporation Ltd. (RIICO), etc.

It is observed from Table 1.1 that the GLC flow, which had marginally declined from Rs.591.12 crore during 2001-02 to Rs.513.55 crore during 2002-03, again increased to Rs.746.38 crore during 2003-04 and was projected to reach a level of Rs.922.38 crore in 2004-05. The commercial banks are the major purveyor of credit. Their share showed fluctuation from year to year in absolute terms; however, their share in percentage rose from about 71.2 per cent in 2001-02 to about 82.2 per cent in 2003-04, but was projected to decline sharply to about 63.4 per cent. The proportionate share of cooperatives, which showed decline in 2003-04, was expected to rise again in 2004-05. The share of RRBs declined from about 5.74 per cent in 2001-02 to about 2.4 per cent in 2003-04 and was expected to rise to about 4 per cent in 2004-05. The share of others, viz., Rajasthan Finance Corporation, Rajasthan State Industrial Development and Investment Corporation Ltd. (RIICO), etc. also declined from 19.8 per cent in 2001-02 to about 12.7 per cent in 2003-04 but was

expected to rise sharply to about 27 per cent in 2004-05. During 2001-02 to 2004-05, the annual compound growth rate (ACGR) of commercial banks (CBs), co-operatives, regional rural banks (RRBs), others and aggregate was 14.73, 37.71, 1.22, 25.71 and 18.63 per cent, respectively.

1.10 The refinance assistance provided by NABARD for various NFS schemes has increased substantially in the recent past. In Rajasthan also similar pattern was obtained. The refinance disbursement under NFS in the state increased consistently from Rs.39.70 crore in 1999-2000 to Rs.121.47 crore in 2004-05. There was a quantum jump in refinance during 2003-04 and 2004-05. Agency-wise flow of refinance to NFS in Rajasthan in the last four years is given in Table-1.2.

Table 1.2
Agency-wise flow of NABARD Refinance for NFS in Rajasthan

(Rs. crore)					
Year	CBs	RRBs	CCBs	PLDBs	Total
1999-00	4.21 (10.60)	13.09 (32.97)	0.52 (1.31)	21.88 (55.11)	39.70 (100.00)
2000-01	8.49 (21.64)	13.32 (33.95)	0.72 (1.84)	16.70 (42.57)	39.23 (100.00)
2001-02	11.66 (27.12)	16.68 (38.80)	2.19 (5.09)	12.46 (28.98)	42.99 (100.00)
2002-03	0.30 (0.73)	20.00 (48.43)	5.38 (13.03)	15.62 (37.82)	41.30 (100.00)
2003-04	25.66 (30.76)	27.12 (32.51)	11.15 (13.37)	19.48 (23.35)	83.41 (100.00)
2004-05	37.40 (30.79)	40.75 (33.55)	10.67 (8.78)	32.65 (26.88)	121.47 (100.00)
ACGR (%)	35.29	25.65	99.80	7.99	25.02

Figures in parentheses indicate the percentage to respective total.

1.11 It is observed from Table 1.2 that the refinance flow, which had marginally declined from Rs.39.70 crore during 1999-2000 to Rs.39.23 crore during 2000-01, had increased to Rs.42.99 crore during 2001-02 but declined again marginally to Rs.41.30 crore during 2002-03. However, during 2003-04 it jumped to Rs.83.41 crore and further increased to Rs.121.47 crore in 2004-05. The commercial banks, which had availed of refinance to the tune of Rs.11.66 crore during 2000-01 drastically, reduced their offtake to just Rs.0.30 crore during 2002-03. However, there was a big jump in 2003-04 as the CBs had availed Rs.25.66 crore, which further increased to Rs.37.40 crore in 2004-05. The share of CBs, which had declined to just 0.73 per cent in 2002-03 increased to about 30 per cent in 2003-04 and 2004-05. On

the other hand, during 1999-2000 to 2002-03, RSLDB, RSCB and RRBs had increased their offtake. During 1999-2000 to 2004-05, the annual compound growth rate (ACGR) of CBs, RRBs, CCBs, PLDBs and aggregate was 35.29, 25.65, 99.80, 7.99 and 25.02 per cent, respectively. Abnormal CGR for CCBs was on account of very low base in 1999-2000.

1.12 The entire refinance disbursement in the state was under ARF schemes and that too broadly under the composite loan scheme. Scheme-wise disbursement in the state is given in Table-1.3.

Table 1.3
Scheme-wise Flow of NABARD's Refinance Under RNFS in Rajasthan

(Rs. crore)

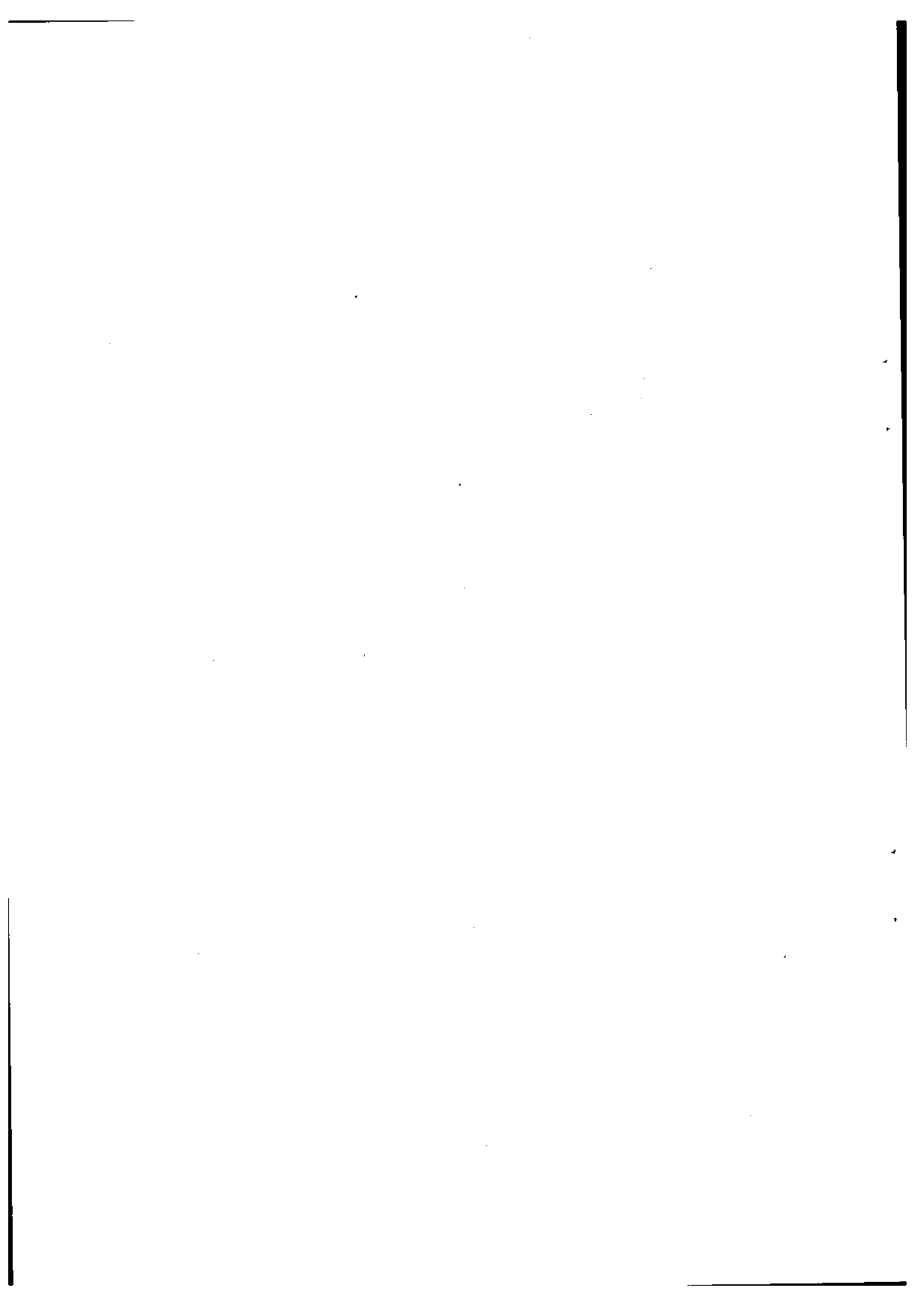
Scheme	1999-2000		2000-01		2001-02		2002-03	
	Unit	Amount	Unit	Amount	Unit	Amount	Unit	Amount
Composite Loan Scheme	5239	10.64 (26.80)	7008	29.12 (74.23)	9372	32.60 (75.83)	6505	27.59 (66.81)
Integrated Loan Scheme	959	11.91 (30.00)	43	2.80 (07.14)	8	0.39 (0.91)	0	0.00 (0.00)
SRTO	834	17.15 (43.20)	381	7.31 (18.63)	341	5.40 (12.56)	221	4.41 (10.67)
Rural Housing	0	0.00 (0.00)	0	0.00 (0.00)	613	4.60 (10.70)	1418	9.30 (22.52)
Total	7032	39.70 (100.00)	7432	39.23 (100.00)	10334	42.99 (100.00)	8144	41.30 (100.00)

Figures in parentheses indicate the percentage to respective total.

Objectives of the Study

1.13 The refinance disbursement, as may be seen, has increased in case of composite loan scheme and rural housing, in absolute terms as also in relative terms, whereas it has declined in case of integrated loan scheme and SRTO. Keeping in view the quantum and growth in refinance disbursement, it was thought necessary to evaluate the impact of NFS investments and derive necessary lessons for future development in the state. Keeping in view that the disbursements under RNFS were confined to ARF only, the present study, in general, was undertaken to evaluate the effectiveness and impact of NFS schemes assisted by NABARD under ARF schemes only. As the major share of refinance had gone to the composite schemes, the study was restricted to composite loans only. More specifically the study was undertaken with the following objectives:

- i. to examine systems/procedures adopted by financial agencies in appraisal, sanction and disbursement of loans;
- ii. to examine the appropriateness of the selection of the activity
- iii. to assess adequacy of credit support both for block capital and working capital;
- iv. to estimate costs and benefits of NFS investments.
- v. to estimate employment generation from NFS activities;
- vi. to examine the health and sustainability of RNFS investments
- vii. to assess extent and effectiveness of forward and backward linkages;
- viii. to examine the repayment performance of the borrowers.



Chapter II

STUDY DESIGN & METHODOLOGY

Sample Design

i. Selection of the District

2.1 The study was undertaken in Bhilwara district, as this is one of the leading industrialised districts of the state. The district is famous for its textile industry in the country and is well known as 'Textile City'. There is large number of ancillary units of textile industry in the district. The district wise refinance disbursement for NFS in the state revealed that Bhilwara was one of the leading districts in Rajasthan in availing refinance for the purpose. During the period 1999-2000 to 2002-03 a total of Rs.10.57 crore accounting for 6.5 per cent of the total refinance of Rs.163.22 crore under NFS in the state was disbursed in Bhilwara district (Table 2.1). As the stabilisation of benefits from the investments requires a minimum of one year, the sample for the field study was drawn from borrowers financed under ARF from 1999-2000 to 2001-02.

Table 2.1

Year wise Refinance Disbursed for NFS in Rajasthan and Bhilwara District

(Rs. crore)			
Year	Total NFS Refinance disbursed in the State	Refinance disbursed for NFS in Bhilwara	Col.3 as % of Col.2
1	2	3	4
1999-2000	39.70	3.18	8.02%
2000-01	39.23	2.46	6.26%
2001-02	42.99	2.46	5.71%
2002-03	41.30	2.47	5.98%
Total	163.22	10.57	6.47%

ii. Selection of the Bank/Bank Branch

2.2 The study covered the major financing banks accounting for maximum share of ground level credit (GLC) disbursement under NFS in the district during the last four years. The agency wise credit disbursement under NFS in the district revealed that commercial banks had disbursed maximum credit for the purpose. During the period 1998-99 to 2002-03 a total of Rs.127.54 crore accounting for 89.70 per cent of the total GLC of Rs.142.48 crore under NFS in the district was disbursed by CBs alone (Table 2.2). Among the CBs, BoB was the major purveyor of GLC; next were PLDB, CCB and RRB in that order. However, when availment of NB's refinance was considered during the period for which the investments

financed were covered (1999-2000 to 2001-02), Bhilwara Ajmer Kshetriya Gramin Bank (RRB) had availed maximum refinance from NABARD (52.7%) followed by CBs (28.1%) and PLDB (19.2%) in that order. Among the CBs, Bank of Baroda (BoB), Lead Bank in the district, had availed a large chunk of the NB's refinance. Since DCCB had availed only minimal refinance from NABARD, RRB, BoB and PLDB were selected for the study.

Table 2.2

Agency-wise Ground Level Credit Targets and Disbursements under NFS in Bhilwara
(Rs. lakh)

Financing Bank	1998-99		1999-2000		2000-01		2001-02		2002-03	
	SAP Target	Achievement	SAP Target	Achievement	SAP Target	Achievement	SAP Target	Achievement	SAP Target	Achievement
CBs	3154.80	2447.26	3691.70	2488.05	3457.00	2454.00	2794.64	2937.36	3171.34	2427.10
RRB	50.00	12.44	50.00	7.04	53.00	42.00	54.60	3.31	0.00	11.70
CCB	32.00	40.32	145.00	36.76	60.00	27.00	100.00	21.67	168.00	32.42
PLDB	86.02	89.61	94.55	213.02	135.00	254.00	154.80	284.43	72.65	388.84
Total	3322.82	2589.63	3981.25	2744.87	3705.00	2777.00	3104.04	3246.77	3411.99	2860.06

2.3 After selection of the financing banks, one branch each of the financing banks accounting for the major share in the ground level credit for NFS were selected for the field study. Hence, Bhilwara branch of RRB, Bijoliya branch of BoB and Suvana branch of PLDB were selected for the study.

iii. Selection of Sample Borrowers

2.4 The study covered the NFS units financed by Bank of Baroda (BoB), Bhilwara Ajmer Kshetriya Gramin Bank (BAKGB), Rajasthan State Co-operative Land Development Bank Ltd. through PLDB Bhilwara during 1999-2000 to 2001-02 under ARF. The units covered included the composite NFS units financed including manufacturing units, small business units and service units. The units were financed through Suvana branch of PLDB, Bhilwara branch of BAKGB and Bijoliya branch of BoB. A random sample of 47 borrowers was covered under the study with 2002-03 as the reference year. The sample included 16 units each financed by BAKGB and PLDB (34% each) and 15 units financed by BoB (32%). The sample units included 17 manufacturing units (5 units of furniture making, 3 units each of power looms and brick making, 1 unit each of plastic granules making, plastic pipes making, RCC pipes making, bangle making and card board making), 15 small business units, 7 agro-based units (flour mills) and 8 service units (3 cycle repairing, 2 tent house and one unit each of hydraulic crane, boring machine and construction material). Bank-wise and activity-wise distribution of sample units is given in Table 2.3.

Table 2.3

Bank-wise and Activity-wise Distribution of Sample Units

					(No.)
Sr. No.	Activity	BAKGB	BoB	PLDB	Total
1.	<i>Manufacturing Units</i>				
i.	Power looms	3			3
ii.	Brick making	1		2	3
iii.	Furniture making	2	3		5
iv.	Plastic granules making	1			1
v.	Plastic pipes making	1			1
vi.	RCC pipes making		1		1
vii.	Bangles Making	1			1
viii.	Card Board Making	2	0		2
	<i>Total</i>	<i>11</i>	<i>4</i>	<i>2</i>	<i>17</i>
2.	Small business Units	3	8	4	15
3.	Agro-based Units	1	1	5	7
4.	<i>Service Units</i>				
i.	Cycle repairing	1		2	3
ii.	Tent house			2	2
iii.	Hydraulic Crane		1		1
iv.	Boring Machine		1		1
v.	Construction Material			1	1
	<i>Total</i>	<i>1</i>	<i>2</i>	<i>5</i>	<i>8</i>
Grand Total		16	15	16	47

2.5 The sample units were visited and the sample borrowers were canvassed using pre-designed schedule. Data/information was collected from the records maintained by the selected bank branches on purpose of loan, amount of loan, appraisal norms, repayment period, rate of interest, repayment performance, etc., for the activities covered under the study. The data was collected from the beneficiaries regarding family size, social group, education status, occupation, both main and subsidiary, size of land holding, both owned and operated; annual income other than bank financed activity, etc. For studying the cost of investment, data was collected on the cost incurred in plant/machinery, equipment/tools used, work shed, transportation costs and other expenses/items of investment. The financing of the investment cost was also collected in terms of bank credit, own involvement and borrowings from other sources. Information on cost of investment was collected both at historical and reference year prices.

2.6 For calculating the cost of production of the sample units, the information was compiled regarding cost incurred in purchasing raw materials, periodicity of purchase (daily/weekly/monthly/quarterly/half yearly), distance from the unit, transport cost, mode of payment, whether facing any problem in procuring inputs. Information on other operating

costs like electricity, diesel/lubricants, water charges, animal power, overhead costs in terms of rent, salaries/bonus were also collected.

2.7 For judging the level of production realised vis-à-vis installed capacity, the information was collected on installed capacity, time taken for converting raw materials into finished goods, average stocking period of finished goods during the reference year, the opening stock, quantity of finished goods produced and sold during the reference year, closing stock, value in rupees, sale proceeds in terms of cash/credit, mode of selling (retail/wholesale), place of selling (locally/outside), distance from the unit, institutional arrangements for marketing, if any and the problems faced in marketing, etc.

2.8 Information was also gathered on the labour employed, both family and hired, wage rate, and status of labour both skilled and unskilled. Data was also collected in the aspects of additional employment as a result of investment through bank loan. The Branch Managers of the selected bank branches along with other concerned district officials were also contacted to know their views on the role played by different project entities in the development of activities and on the scope of further development and the problems, if any, faced by them in financing of NFS activities in the areas.

2.9 The reference year of the study was 2002-03.

Methodology

2.10 The primary data collected from the field, was analysed for working out averages, percentages and frequency distribution at disaggregated level according to the size of unit and activity, etc. To work out the economics of the investment for the selected activities, the valuation of inputs and outputs was done at the reference year prices. Since the operating cycle vary from activity to activity, cost and income per operating cycle was based on the actual number of operating cycles for the sample units during the reference year. Depending on the nature of activity and accounting for seasonality of operations, the income and expenditure was annualised based on the operating cycles to have a meaningful comparison between activities. Various cost and income concepts like annual gross income, annual cost of production-both variable and fixed costs separately, annual net income in respect of broad activity groups were also used to evaluate the performance of the units.

2.11 To judge the adequacy of credit for the unit, activity-wise cost of investment and amount of loans disbursed per unit were analysed. As the credit assistance was inadequate in majority of the units financed by PLDB, information was gathered on the bridging of shortfall from other informal sources like moneylenders, friends/relatives. The units were studied to know the regular arrangement to meet the working capital needs.

2.12 As all the units were new, it was decided to estimate the net income and employment generation from these activities instead of the incremental income and employment. To study the repayment performance of the sample borrowers, activity-wise data on demand, collection and balance position of the sample borrowers was analysed. An attempt was also made to ascertain the extent and effectiveness of forward and backward linkages, with special reference to input availability, supply arrangements, technical guidance, marketing of produce, power availability, reasonableness of prices, etc.

2.13 Break-even analysis was also attempted to determine the volume of business so as to even out the capital investment under the given cost/price situation. For the purpose the following formula was used:

$$\text{Break Even Volume} = \frac{\text{Total Fixed Cost}}{\text{Price} - \text{Average Variable Cost}}$$

Chapter III

PROFILE OF THE STUDY AREA

3.1 Bhilwara district extends over a geographical area of 10455 sq. km, which is approximately 3.05 per cent of the total State area. Bhilwara is situated between 25 °00' to 27 °50' North Latitude and 74°03' East Latitude. It is situated 100 meters above sea level. The district is roughly rectangular in shape except for its western portion, which is broader than eastern one. It generally consists of an elevated plateau with the Aravali ranges in prominence in south-eastern part and is bound by Ajmer district in north, Chittorgarh in south, Udipur in west and Bundi in the east.

3.2 As per agro-climatic classification adopted by Planning Commission, the district falls in zone (VIII) East Rajasthan Plains and Hills Division of Central Plateau and Hills Region. The district has a slope towards the course of river Banas that flows towards north from Bhilwara tehsil and then in north-east direction along the western side of Jahajpur tehsil and enters Tonk district. The climate of the district is moderate. The summer is dry and winters are severe. The rainy season is from June to mid September. The average rainfall in the district is 610 mm. During the period 1901-2001, the average rainfall in only one year (1996) was above normal.

Demographic Features

3.3 As per 2001 census, the total population of the district is 2009516. The percentage of rural and urban population to the total population is 81 and 19. The SC and ST population constitute 13.6 per cent and 7 per cent, respectively of the total population. The density of population is 192 per sq. Km and sex ratio is 964 females per 1000 males in the district. About 36 per cent of the population of the district is literate whereas the percentage of literacy in rural and urban areas is 25 and 64 per cent respectively. The district of Bhilwara ranks 28th in the state with Human Development Index of 0.3875.

Land Use

3.4 The land utilisation pattern of the district is given in Table 3.1. Out of total geographical area 1047451 ha, fallow land and land not available for cultivation is 144412 and 406295 ha, respectively. Agriculture is the main source of occupation. Wheat, Barley and Maize are the major crops sown in the area. Cotton and ground nut

besides oilseeds are major cash crops of the district. The forest area of the district measures 73961 hectare, which forms approx. 7 per cent of total geographical area.

Table 3.1
Land Utilisation Pattern of Bhilwara District
(ha.)

Sr. No.	Particulars	(ha.)
i.	Geographical area	10,47,451
ii.	Net sown area	3,32,196
iii.	Forest	73,961
iv.	Fallow land	1,44,112
v.	Land not available for cultivation	4,06,295
vi.	Cropping Intensity	123%
vii.	Area under HYVs	1,52,249

Irrigation Facilities

3.5 Wells and tanks are principal sources of irrigation in the district. The irrigated area of the district was 119789 ha. The wells account for 94994 ha, tube wells 1853 ha, ponds 10692 ha., canals 9735 ha and other sources 2578 ha. The surface irrigation is provided by the irrigation projects over the river Banas, the main river in the district. Besides this there are the tributaries of Banas river i.e. Berech, Kothari and Khari, and other small rivers in the district are Mansi, Menali, Chanderbhaga and Nakadi. The ground water is generally fresh and potable.

Animal Husbandry

3.6 Animal Husbandry is an important subsidiary source of income for the rural folk. Besides Animal Husbandry Department, the District Milk Producers Cooperative Union Ltd., Bhilwara is playing a vital role in the development of the sector. It has 934 registered dairy cooperative societies procuring 1.40 lakh Kg milk per day. Apart from these 107 women cooperative societies are also functioning in the district. Milk Union helps the beneficiaries in procurement of quality animals besides providing other supportive services. The Union has got ISO 9002 and IS 15000 (HACCP) last year.

Industrial Development

3.7 Bhilwara is well known as 'Textile City'. There are 402 textile units, which are engaged in producing over 3 crore-meter synthetic clothe through 8259 looms. The investment in these units is worth Rs.1008 crore, and over 34000 people are employed there. During 2002-03 Polyester Viscose / Yarn, Woollen Blankets, Cotton clothes etc. were exported to Saudi Arab, Sri Lanka, Germany, Russia, Bahrein, Australia, Columbia,

Hong Kong, Israel, New Zealand, Dubai and other countries. At present 18 processing units are functioning in the district. In cooperative field, two mills manufacturing cotton yarn are functioning in Gangapur and Gulabpura. With a view to giving a further fillip to industrial development, growth center project is in progress, and State's fifth Inland Container Depot is functioning in the district. Before independence Bhilwara was famous for its Mica, Soap stone and Sandstone mineral products at international level. The district occupies an important place in mineral map of Rajasthan. The main minerals are lead, zinc, soapstone, china clay, felspar quartz, mica, silica sand, asbestos and garnet. Sometime back deposits of granite were discovered in Asind, Raipur and Mandal tehsils. There are good reserves of limestone around Mandalgarh and marble is mainly found in Jahajpur tehsil. As at the end of the year 2001-02, there were 52 large and medium scale units with an investment of Rs.1138.11 crore employing about 25000 people. Further, 12484 small-scale and cottage industries were registered with District Industries Center (DIC), with an investment of Rs.158 crore giving employment to more than 50000 people.

Infrastructural Facilities

3.8 Major share of the power supply is obtained from outside the district. However, all the villages have been electrified. There is one 220 KV grid sub-station at district H.Q., seven sub-stations of 132 KV at Gulabpura, Asind, Gangapur, Mandalgrh, Raila, Suwana and Hamirgarh. Further there are 52 sub-stations of 33/11 KV and 5694 sub-stations of 11/0.4 KV in the district. There is a network of 5579.76 km lines of 11 KV, and 7780.87 km lines of 440/220.

3.9 There are 1565 inhabited villages of the district connected with potable water program. In city and rural areas there are 2086 and 10042 hand pumps respectively. Water level in the district is moderate and water is potable.

3.10 The district has direct road connection with important centres of the State. A meter gauge railway line connecting Ajmer with Khandwa passes through the district. Broad gauge railway line connecting Kota - Chittorgarh also passes through the district. The district is well served with various communication facilities like post offices; telegraph offices, telephone exchanges and telephone booths etc. Mobile phone facility has also been started in the

district. Internet service providers (BSNL and Data Infosys) with good connectivity are also available.

Banking Network

3.11 The district has a wide network of banks/financial institutions. The district has in all 143-bank branches as also two branches of RFC and one branch of KVIB. Out of 143 bank branches, 85 branches are in rural areas and the remaining are in semi urban/urban areas. The banking network in the district and other indicators are given in the Table 3.2. As on March 2003, there were 87 branches of commercial banks, 33 branches of RRB, 17 branches of DCCB and 6 branches of PLDB. The branches of cooperatives and RRB are located mainly in rural areas whereas in case of commercial banks only one half (25) of the branches are located in rural areas. The average loan outstanding per branch, of all the banks taken together, was Rs.10.67 crore. The agricultural advances, as a percentage to total advances, were minimum in case of commercial banks and maximum in case of PLDB. The share of NPAs in total loans outstanding varied from a low of 5.2 per cent in case of RRB to a maximum of 22 per cent for PLDB. As on June 2003 the recovery percentage had shown some improvement in case of RRB and PLDB but declined in case of CBs and DCCB.

Table 3.2
Banking Network and Parameters in Bhilwara District- As on March 2003
(Rs. lakh)

S No	Particulars	CBs	RRB	DCCB	PLDB	Total
1.	No. of Banks	13	1	1	1	16
2.	No of Branches	87	33	17	6	143
3.	Rural/Semi Urban Branches	63	31	16	6	116
4.	No of loan accounts per branch	1282	722	4714	2285	1067
5.	Av. Deposit per branch	970.38	310.33	494.76	-	753.96
6.	Total loan outstanding as on 31.3.03	85868.3	6959.23	5597.52	5298.57	103663.62
7.	% of agricultural advances to total advances	11	31	58	81.06	16.4
8.	CD Ratio	105	68	89	-	106
9.	% of Recovery					
	As on 30.6.01	54	61	79	38.5	-
	As on 30.6.02	62	72	74	42	-
	As on 30.6.03	45	73	73	41	-
10	% of NPA to total assets	12.2	5.2	8.1	22	-

Ground Level Credit Disbursement

3.12 The credit under priority sector disbursement by all the rural financial institutions in Bhilwara district is presented in Table 3.3. The total ground level credit disbursement exceeded the ACP targets during all the years excepting 2000-01. Consequently, the total ground level credit disbursement showed an increase in absolute terms over the previous year

during all the years excepting 2000-01. The share of NFS advances in the total advances increased over the previous year from 1999-2000 to 2001-02 but declined in 2002-03 due to sudden jump of about 10 per cent in other priority sector.

Table 3.3
Credit Disbursement Under Priority Sector in Bhilwara

(Rs. lakhs)

Sr. No.	Type of Loan	1999-2000		2000-01		2001-02		2002-03	
		Target	Achievement	Target	Achievement	Target	Achievement	Target	Achievement
1.	Crop Loan	2518.44	3679.91 (30.2)	2741.00	2935.00 (24.8)	3019.93	4426.55 (31.6)	3992.14	5437.81 (34.9)
2.	Term Loan (MT +LT)	3177.40	1983.46 (16.3)	3230.00	2048.00 (17.2)	3334.24	2621.99 (18.7)	3613.29	1680.64 (10.8)
3.	Total Agri. Credit (1+2)	5695.84	5663.37 (46.5)	5971.00	4983.00 (42.0)	6354.17	7048.54 (50.3)	7605.43	7118.45 (45.7)
4.	Non Farm Sector	3981.25	2744.87 (22.5)	3705.00	2777.00 (23.4)	3104.04	3246.77 (23.2)	3411.99	2860.06 (18.3)
5.	Other Priority Sector	2070.70	3772.37 (31.0)	2842.00	4117.00 (34.6)	3860.00	3725.14 (26.5)	4527.09	5610.50 (36.0)
GRAND TOTAL (3+4+5)		11747.84	12180.61 (100.0)	12518.00	11877.00 (100.0)	13318.21	14020.45 (100.0)	15544.51	15589.01 (100.0)

Figures in parentheses indicate the percentage to respective total.

Promotional Efforts for Development of RNFS

3.13 There are various promotional schemes of NABARD, such as, Mother Unit, Common Service Centre, Rural Entrepreneurship Development Program (REDP), ARVIND, and MAHIMA, etc. A proactive role by NGOs/VAs, private entrepreneurs, and producers' associations is warranted for implementation of above-mentioned schemes for development of the district.

3.14 The need to motivate people to take up non-farm activities has been realised at all levels and definite impetus has been given by the state govt. The government has formulated a long-term policy for Rural Non-Farm Sector. Rural Non-Farm Sector Development Agency (RUDA) has also been constituted by the State Govt.

LINKAGES

3.15 A District Industries Centre is functioning in the district to promote industrial development especially small, cottage and village industries. Rajasthan State Industrial Development and Investment Corporation Ltd. (RIICO) has also developed nine (9) industrial areas. In addition, areas have been set apart for industrial development in different blocks. The Dry Port is also being operational. The district has an ITI, which

imparts training in different trades. Textile institute in the district is also functioning providing courses in textile technology.

3.16 While large, medium and small-scale industries market their products through the channel of well-organized network throughout the country, the tiny, village and cottage industry and artisans face problems in marketing their products. Rajasthan Small Industries Development Corporation (RAJSICO) helps to mitigate the marketing problems of artisans and small entrepreneurs to some extent and similar services are also rendered by Rajasthan Handloom Development Corporation (RHDC) to weavers. But small manufactures and artisans still resort to 'distress sale' on some occasions. The situation may improve as RUDA may come out with some initiatives in this direction.

3.17 For the development of non-farm sector in the study area there is a need to rope in NGOs to take up programs for entrepreneurship development. Big industrial units need to play a proactive role in implementing the Mother Unit concept to take care of marketing problems of small units. DIC needs to be restructured to equip it to provide linkage support to beneficiaries of Govt. sponsored programs. More and more NFS workshop/melas by DIC/banks need to be organised to create awareness among the perspective entrepreneurs. Banks may popularise various credit-oriented schemes implemented by them amongst potential borrowers, especially in rural areas. There is also an imperative need for coordination between field level functionaries of state government and banks for effective backward and forward linkages.

Chapter IV

SOCIO ECONOMIC PROFILE OF SAMPLE BORROWERS

4.1 This chapter discusses the socio-economic profile of the sample borrowers in terms of their distribution according to age, literacy level, family size and social group. The chapter also covers the borrowers' perception about the sources of information about the NFS activities, type of assistance received and problems faced by them in setting up the unit and bank loan.

Gender Distribution and Age of the Borrowers

4.2 The entire sample borrowers were males. The largest proportion of borrowers (70.2%) was in the age group of 25-40 years, followed by 41-50 years (23.4%) and above 50 years (6.4%). Details of the same are presented in Table 4.1.

Table 4.1
Age-wise Distribution of the Sample Borrowers

Sr. No.	Age Group	No. of Sample Borrowers	Per cent to Total
i.	25-40 Years	33	70.2
ii.	41-50 Years	11	23.4
iii.	>50 Years	3	6.4
Total		47	100

Educational Status

4.3 An analysis of the educational status of the sample borrowers indicated that a large majority (76.6%) of them were matriculates and above including two professionals. A substantial number of them (59.6%) were matriculates and about 17 per cent of the sample respondents were graduate/professional. Details of the same are presented in Table 4.2. Across the activity groups, the proportion of borrowers who had studied upto secondary level was highest in manufacturing (50.0%) followed by service units (9.3%), agro-processing (3.7%) and small business (1.9%) in that order.

Table 4.2
Educational Level of the Sample Borrowers

Sr. No.	Age Group	No. of Sample Borrowers	Per cent to Total
i.	Primary	11	23.4
ii.	Secondary	28	59.6
iii.	Graduate/Professional	8	17.0
Total		47	100.0

Demographic Features

4.4 Among the social groups, a majority of the sample borrowers belonged to OBC category (30 or about 64%), followed by 10 (21%) SC/ST borrowers and 7 (15%) general category borrowers. The average family size of the sample borrowers was 13 members comprising of 4 males, 3 females and 5 children.

Occupation

4.5 Business/trading was reported as the major/primary occupation by a majority (28 or 60%) of the sample borrowers. This was followed by the service (10 or 21%) and labour (9 or 19%) in that order. As the study area was facing recurring drought and the demand for RNFS products in the study area had declined sharply, the sample borrowers were compelled to work as agricultural labourers for earning their livelihood. Though the agriculture was worst affected during the drought conditions, the sample borrowers were going to the large farms with assured irrigation facilities (deep tubewells) to work as agricultural labourers. Service was reported as primary occupation by those people living in the vicinity of the towns or the professionals (Chartered Accountants/Engineers).

Chapter V

IMPLEMENTATION ASPECTS OF THE SCHEMES

5.1 The success of any credit linked programme/activity largely depends on the manner in which the implementing agencies adhere to the stipulated guidelines including identification of the borrowers and their activities, appraisal of the loan applications, quantum of loan, repayment schedule and post disbursement supervision. In the present study, NFS units financed by commercial banks, BAKGB and PLDB under ARF during 1999-2000 to 2001-02 involving NABARD's refinance disbursement of Rs.810 lakh were covered. The units covered were composite NFS units including manufacturing units, small business units, agro-based units and service units.

Identification of the Borrowers

5.2 In the case of BoB and BAKGB, the borrowers under the scheme had themselves chosen the activity based on their traditional skills and the prevailing local and regional demands of the market. In the case of PLDB, the borrowers had themselves chosen the activity as per their traditional skills. The borrowers had directly approached the bank for taking up the sample activities. In the entire sample, no borrower had taken any formal training before taking up the NFS activity. In case of BoB and BAKGB, all the 38 borrowers had got their applications sponsored by KVIC. In case of PLDB, the borrowers were regular customers of the bank and none of them had taken up any sponsored activity. In case of RRB and BAKGB, all the sample borrowers had their deposit accounts with their respective banks. In case of PLDB, Land Valuation Officers had discussions with the borrowers and had informally advised them to choose their traditional activities.

Skill Status

5.3 A majority of the activities selected for the study were traditional in nature. Hence the borrowers were not required to undergo any formal training/skill acquiring for undertaking the activity. In case of other highly skilled activities, the borrowers had not undergone any formal training but were running the unit by employing the skilled labourers for the purpose. In such cases, the borrowers were mainly busy in taking care of the inputs supply and marketing of output. During the field visit, it was also observed that the borrowers had not received any technical guidance in setting up the unit. During the discussions with DIC and

other developmental agencies, it was observed that the shortage of funds was the main reason for not popularising and promoting the RNFS promotional activities. This emphasise the need for gearing up the extension machinery for the development of RNFS activities so that maximum potential for RNFS activities is tapped and the potential entrepreneurs are given the proper technical and other necessary guidance for successful setting up and running of the units. Since the development/extension agencies of the state government are not able to give requisite guidance/training to the entrepreneurs, the financing banks are required to play a proactive role in promoting the RNFS activities. For the purpose, in their own interest they need to tone up their extension mechanism for their customers and thereby improving their relationship with their clients on a sustainable basis.

Appraisal Norms

5.4 None of the financing banks had prepared/were keeping any project profiles for any NFS activity financed by them. CBs and RRB were financing the activity based on their past experience while PLDB was financing the unit on the basis of unit cost fixed for the activity. Banks may prepare project profiles for ready reference to the perspective entrepreneurs.

5.5 In case of BoB and BAKGB, as majority of the sample units (18) were sponsored by KVIC, it was observed that such loan cases were appraised in detail by KVIC and the bank branches had not taken up any detailed appraisal. In other cases, which were not sponsored, the appraisal was not satisfactory. In case of PLDB, Land Valuation Officers had conducted physical verification to ascertain the adequacy of land holding, sustainability of NFS structure regarding its location, etc. Loan application was accepted only after all the formalities/documentation were completed. Quantum of bank loan was determined and restricted to the approved unit cost; irrespective of the actual cost incurred on the investment, which was higher than the unit cost. Loan sanctioned by PLDB for the purpose was disbursed in two/three instalments, on issuance of utilisation certificate, after the assets verification.

Adherence to Terms & Conditions

Sanction/Disbursement of Loans

5.6 CBs and RRB were financing the activity based on their past experience while PLDB was financing the unit on the basis of unit cost fixed for the activity. BAGB and BoB had financed the large-scale units ranging from Rs.5 lakh to Rs.25 lakh whereas PLDB had financed small-scale units ranging from Rs.25 thousand to Rs.2.4 lakh.

5.7 NFS investments were financed mainly as composite loan consisting of the term loan for purchasing the plant & machinery and the working capital for two/three cycles was capitalised. Based on the financial needs of the borrowers, the banks were disbursing the term loan for establishing a unit in 2-3 instalments for purchase of different plant and machinery required for setting up the unit. The working capital was generally disbursed at the start of each cycle for the number of cycles sanctioned. In case of PLDB, the working capital was capitalised as per the sanctioned loan and disbursed to the borrowers at the start of each production cycle and for a limited period. As there was no CC limit sanctioned to the borrowers, the borrowers faced funds crunch in the later cycles. PLDB may tie up with the DCCB for sanction of CC limits to these borrowers for ensuring smooth supply of funds during the entire currency of these investments.

5.8 The borrowers faced problems in obtaining bank loans like delays in sanction of loans, hassles in documentation, inadequacy of loan amount, shortfall in working capital loan, etc. The inadequacy of loan compelled the borrowers to borrow from the informal sector at a very high rate of interest ranging from 24 to 36 per cent per annum.

Time Lag

5.9 Generally, the borrowers were advanced loan for a composite unit comprising of the term loan for purchasing the plant & machinery and the working capital for two/three cycles was capitalised. In case of PLDB, the borrowers were asked to submit the loan applications only after the PLDB officials had done the spot verification of the functioning of unit. Since the PLDB did not have the requisite expertise for appraising the RNFS activities, there was no realistic pre sanction appraisal of the loan applications. The same officials who were dealing with the farm sector activities were appraising the loan applications for RNFS activities also. PLDB took only 1 to 2 weeks time for sanction of loans, depending upon the timing of the meeting of the sanctioning committee. Thus there was no time lag between the submission and sanction of the loan applications. The loan was disbursed in 2-3 instalments. In case of BAKGB and BoB, generally, it took 29-78 days between the submission and sanction of the loan applications. Details of the same are presented in Table 5.1.

Table 5.1
Agency-wise Time Taken for Sanction of Loan

Sr. No.	Agency	Time Taken (days)
1.	Bhilwara Ajmer Kshetriya Gramin Bank	38-78
2.	Bank of Baroda	29-49
3.	Primary Land Development Bank	6-14

Repayment Period

5.10 As per NABARD's stipulations for refinancing RNFS activities, the financing banks were permitted to charge interest as per RBI stipulations. Depending on the quantum of loans, the banks had charged the interest as per RBI norms. Generally, the RNFS units were allowed a repayment period of 5 years including the grace period. In some cases the banks had not allowed any grace period. The maximum grace period allowed was 5 months but the entire loan was to be repaid within a period of 5 years from the date of loan disbursement. This had resulted in a very heavy repayment liability on the small units making them liable to default. Details of the same are presented in Table 5.2.

Table 5.2
Agency-wise Repayment Period and Grace Period Allowed

Sr. No.	Agency	Repayment Period (Yrs)	Grace Period (Months)
1.	Bhilwara Ajmer Kshetriya Gramin Bank	4.5-5	0-5
2.	Bank of Baroda	4.5-5	0-4
3.	Primary Land Development Bank	4.5	2-3

Rate of Interest

5.11 The interest rate charged by the financing banks varied from 12 per cent to 15.5 per cent as per the scale of investment in the activities financed. PLDB and BAKGB were charging a uniform interest rate of 13.5 and 15 per cent, respectively whereas BoB was charging an interest rate of 12 per cent on loans below 2 lakh and 15.5 per cent (PLR +4%) for loans above Rs.2 lakh. During the study, it was observed that the repayment of the loan was to be affected by following the reducing balance method, but in some cases equated instalment method was followed by PLDB. In many a cases the demand for principal was not raised properly as in majority of the cases instead of the stipulated monthly duration, this was raised at the end of a quarter/six months, recovering the previous months' instalments causing unavoidable heavy burden on the borrower. PLDB may take necessary corrective measures in this regard. BoB and BAKGB were raising the demand at the stipulated duration. Details of the same are presented in Table 5.3.

Table 5.3
Agency-wise Interest Rate Charged From the Borrowers

Sr. No.	Agency	Interest Rate (%)	
		<2 lakh	>2 lakh
1.			
2.	Bhilwara Ajmer Kshetriya Gramin Bank	15	15
3.	Bank of Baroda	12	15.5
4.	Primary Land Development Bank	13.5	13.5

Security

5.12 The collateral security in case of PLDB was land holding of the borrower only. PLDB was financing the NFS units based on the valuation of the land holding of the borrower. In the process identical units with the same scale of operation in the same vicinity were financed differently. In the process the term loan and the working capital was fixed differently for the same scale of operation. Land based security for loan fixation may be dispensed with for small units, which are otherwise credit-worthy. BAGB and BoB were taking plant & machinery of the unit and other immovable properties of the borrower as the collateral security. Besides the market intelligence was also obtained before financing the unit. Unlike PLDB there was generally no difference in scale of financing the same type of unit.

Margin Money

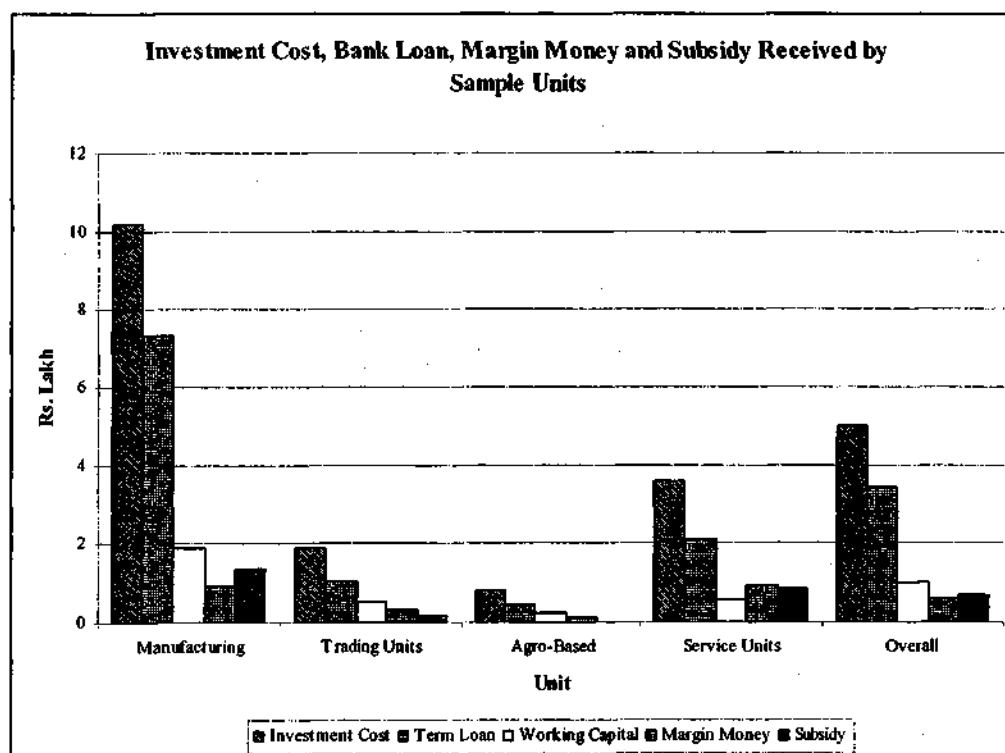
5.13 NABARD has not stipulated any level of margin money under its scheme of refinancing RNFS activities. The financing banks are expected to collect the margin money as per the RBI stipulations. The margin money ranged from 5 per cent (furniture making, plastic pipe making, bangles making and hydraulic crane) to as high as 43.7 per cent (construction material) with an average of 11.5 per cent. Details are given in Table 5.4. The margin money for manufacturing units taken together was 9.2 per cent, 16.5 per cent for small business units, 15.2 per cent for agro-based units and 26.2 per cent for service units taken together. The large-scale units' borrowers were generally reluctant to reveal their actual cost of investment for fear of sharing their trade secrets. As the trading by the NFS units was not properly reflected in their books of account, the financing banks were not able to assess properly the working capital requirements of the NFS units. During the field study, these borrowers did not express any need for further sanction of bank loan, as they were satisfied with the existing arrangements for working capital. In majority cases of small borrowers, the loan sanctioned was inadequate leading to under financing. The borrowers were thus compelled to invest their own funds heavily/ borrow from the informal sources at a very high rate of interest ranging from 24 to 36 per cent per annum.

Table 5.4

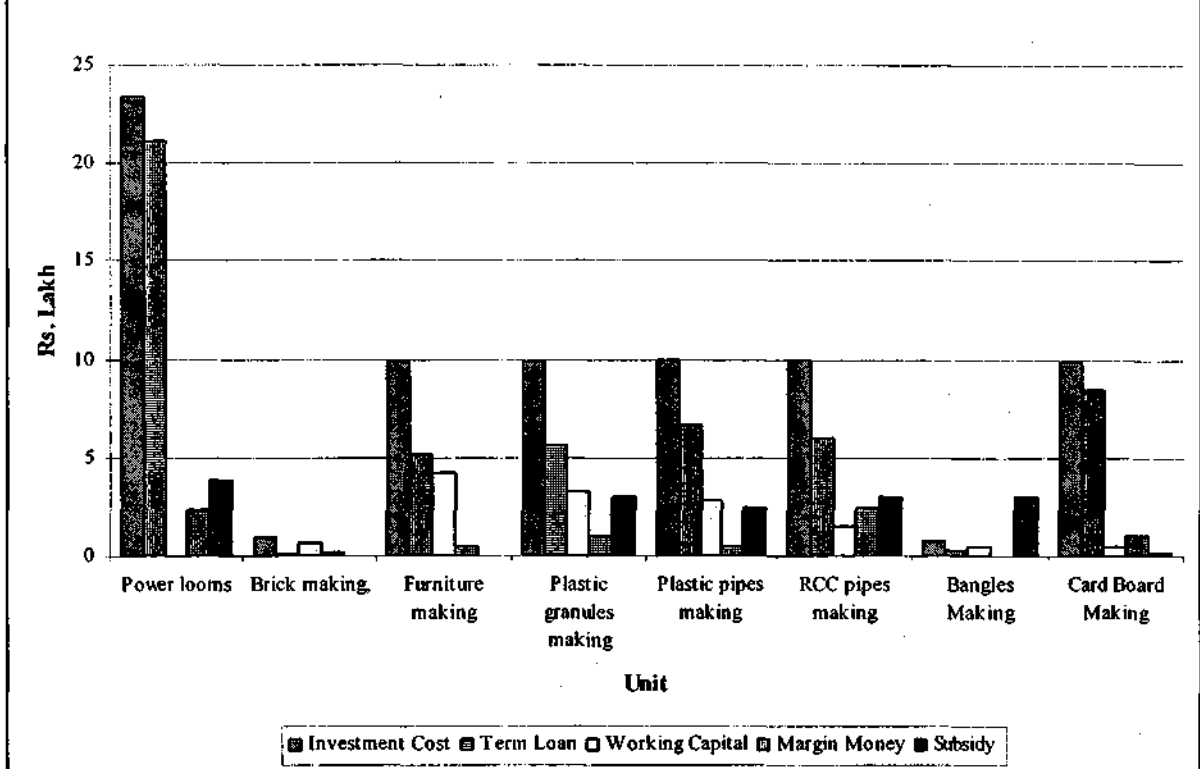
Activity-wise Investment Cost, Bank Loan, Margin Money and Subsidy Received by Sample Units

Sr. No.	Activity	Investment Cost	Bank Loan			Margin Money	Subsidy
			Term Loan	Working Capital	Total		
I.	<i>Manufacturing Units</i>						
i.	Power looms	2344444	2110000	0	2110000	234444 (10.0)	384400
ii.	Brick making,	96154	12933	67067	80000	16154(16.8)	0
iii.	Furniture making	990000	517750	422750	940500	49500(5.0)	0
iv.	Plastic granules making	985556	560000	327000	887000	98556(10.0)	297000
v.	Plastic pipes making	997895	665000	283000	948000	49895 (5.0)	246500
vi.	RCC pipes making	990000	599250	147750	747000	243000 (24.5)	299400
vii.	Bangles Making	78000	26600	47500	74100	3900(5.0)	29880
viii.	Card Board Making	990000	841500	49500	891000	99000(10.0)	23400
	<i>Total</i>	<i>1017838</i>	<i>734788</i>	<i>189365</i>	<i>924153</i>	<i>93685(9.2)</i>	<i>121928</i>
2.	Small business Units	188325	102950	54300	157250	31075(16.5)	14500
3.	Agro-Based	79304	45000	22250	67250	12054(15.2)	0
4.	<i>Service Units</i>						
i.	Cycle repairing	69975	37000	18000	55000	14975 (21.4)	0
ii.	Tent house	75036	30000	22000	52000	23036(30.7)	0
iii.	Hydraulic Crane	998784	737200	211645	948845	49939(5.0)	299635
iv.	Boring Machine	1243781	750000	0	750000	493781(39.7)	372900
v.	Construction Material	266430	2000	148000	150000	116430(43.7)	0
	<i>Total</i>	<i>358624</i>	<i>207525</i>	<i>57206</i>	<i>264731</i>	<i>93893(26.2)</i>	<i>84067</i>
	Overall	501111	340656	98874	439530	61581(12.3)	63039

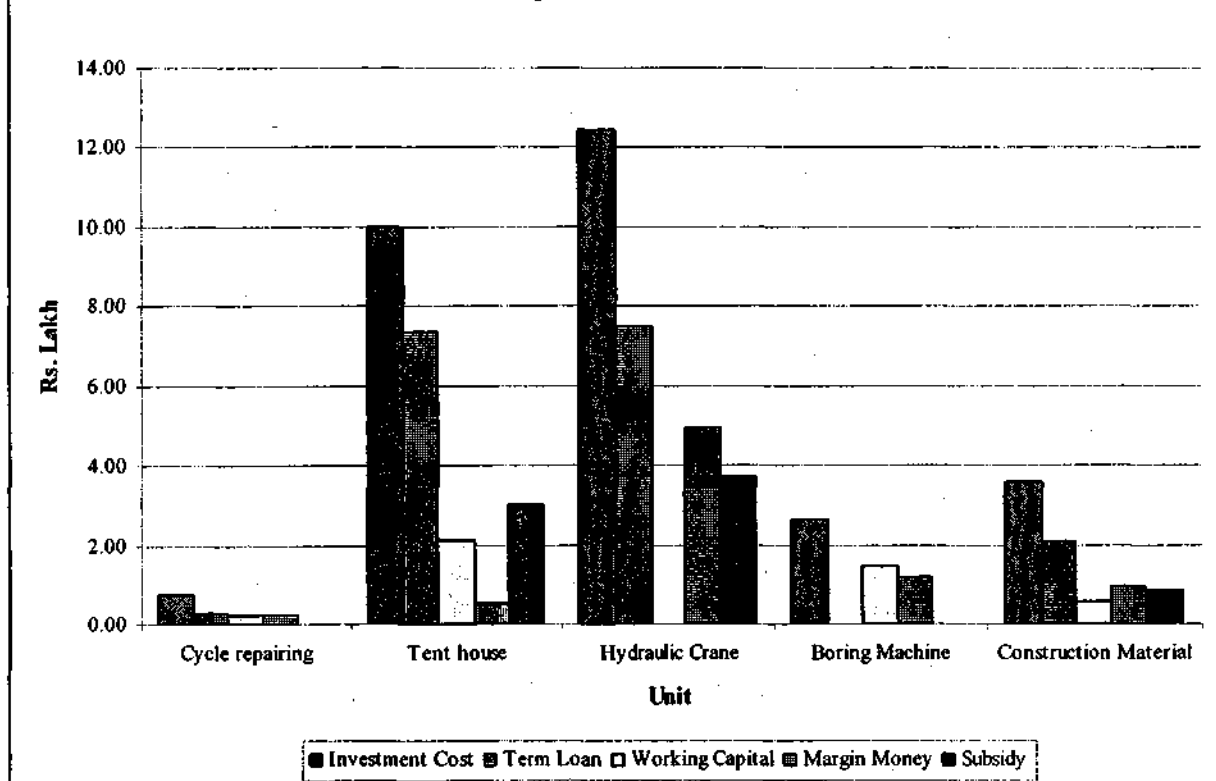
Figures in parentheses indicate the percentage to investment cost.



Investment Cost, Bank Loan, Margin Money and Subsidy Received by Sample Manufacturing Units



Investment Cost, Bank Loan, Margin Money and Subsidy Received by Sample Service Units



Subsidy

5.14 Khadi & Village Industries Corporation (KVIC) gives a subsidy of 25 per cent or a maximum of Rs.2.5 lakh for promoting the RNFS activities. A total of 26 out of 31 units financed by BoB and BAKGB had availed the subsidy given by KVIC. The subsidy was back ended, i.e. subsidy was adjusted in the loan account after the repayment of all the loan instalments.

Training

5.15 None of the sample borrowers had undergone any formal training before taking up the activity. As all the sample borrowers of PLDB had taken up the traditional activity, there was no need for any formal training. Moreover, all the PLDB borrowers had undertaken those activities where the output of the unit was for the use of farmers of the same village and the adjoining villages. The output of the units financed was generally for the outside traders of either the cities of Rajasthan or the adjoining states. In case of sample units financed by the RRB and BoB, the borrowers were engaged in trading activity of the sample unit before taking up the activity. Hence they had a definite idea about the technicalities and functioning of the activity as also its associated backward and forward linkages. Moreover, these units had employed the skilled and experienced personnel for running the activity. The borrowers themselves did the selling and purchasing for the unit.

Other Aspects

5.16 None of the development department/agency of the state/central government or NGO was involved in promoting the NFS activities in the district. Even Large scale units were developing due to the presence of the cloth mills and mining activities in the district whereas the small-scale units were developing due to the felt local needs of the rural society. There is a need for a pro-active role by Government agencies like DIC, banks and involvement of NGOs in mapping of the potential, identifying the borrowers, imparting the required entrepreneurial skills and providing enabling environment for Non-Farm Sector.

5.17 Generally the sample units financed by RRB and BoB had repaid the loan regularly. Some of them were even on the verge of closing their accounts. But a majority of the units financed by PLDB could not repay the loan in time; the reasons cited were late receipt of

demand notice, prevailing drought conditions for the last three years, less income due to lower demand of the farmers, non-receipt of payment from the farmers, etc.

5.18 The power supply to the units was inadequate and erratic. Even the small-scale units in the rural areas were being charged a flat rate of electricity on per horse-power basis of the power supply. To avoid heavy electricity bill and uncertain power supply, the small borrowers had preferred to use DG set. This had not resulted in any additional burden on the beneficiaries, as the cost of diesel incurred was not more than the cost of uncertain power supply. Had they not installed the diesel generator (DG) set, their units would have been non-functional for a substantial period for want of uncertain and erratic power supply. The water supply to the units was also not satisfactory. The government departments may ensure provision of adequate infrastructure in terms of power supply, water supply, etc. to ensure smooth functioning of the units.



Chapter VI

COST OF INVESTMENT AND ITS FINANCING

6.1 This chapter presents the details regarding the sources of funding of the RNFS investments, status of the unit at the time of financing and its status in the reference period. The present chapter also attempts to analyse the cost of investment of sample RNFS units along with the adequacy of the loan amount. All the costs have been calculated on reference year prices.

Status of the Sample Units

6.2 All the sample units covered in the study were new units. Though the sample borrowers of furniture making, brick kilns, bangles making, small business units, agro-based units, and service units had set up other units earlier but none of them was expansion of the existing units. In fact, all the sample units were set up at a new location and in some cases like RCC pipes making, card board making, etc., the earlier units were located in other districts. But nevertheless the sample units were treated as a new unit by the banks.

6.3 The sample units were also analysed from the angle of functioning of these units in the reference year. Details are given in Table 6.1. It is clear from the table that out of the total sample of 47 RNFS units, 28 (59.6%) units were functional. These were mostly large units, which were operating in the vicinity of the cities/towns. Their products were being marketed in the cities/metros. Hence the demand for their products was not affected by the recurring drought in the state. On the other hand the smaller units like brick making, furniture making, cycle repairing, tent house, etc. located in the rural areas were not getting any demand for their products from the villagers. This was due to the fact that the farmers could not cultivate their lands due to scarcity of rains. Even those units, which were functioning, were operating below their capacity.

Table 6.1
Status of the Sample RNFS Units in Bhilwara District in the Reference Year

(No.)

Sr. No.	Activity	Status of the Unit		
		Functional	Defunct/Closed	Total
1.	<i>Manufacturing Units</i>			
i.	Power looms	3	0	3
ii.	Brick making,	1	2	3
iii.	Furniture making	2	3	5
iv.	Plastic granules making	1	0	1
v.	Plastic pipes making	1	0	1
vi.	RCC pipes making	1	0	1
vii.	Bangles Making	1	0	1
viii.	Card Board Making	2	0	2
	<i>Total</i>	<i>12</i>	<i>5</i>	<i>17</i>
2.	Small business Units	8	7	15
3.	Agro-Based	2	5	7
4.	<i>Service Units</i>			
i.	Cycle repairing	3	0	3
ii.	Tent house	0	2	2
iii.	Hydraulic Crane	1	0	1
iv.	Boring Machine	1	0	1
v.	Construction Material	1	0	1
	<i>Total</i>	<i>6</i>	<i>2</i>	<i>8</i>
	Grand Total	28	19	47

Sources of Funds

6.4 During the course of field visit the borrowers were enquired about the sources of funds for establishment of the RNFS units. Details are presented in Table 6.2. As explained earlier, on an average the loan provided by the banks formed about 88 per cent of the investment cost. Thus the margin money from the borrowers was about 12 per cent. Of the 12 per cent margin money, about one third of it was borrowed from other sources. Other sources included the money drawn from the CC limit sanctioned to the bigger units like plastic granules making, plastic pipe making, RCC pipe making, furniture making, etc. and the borrowing from informal sources by smaller units like brick making, cycle repairing, bangles making, tent house, etc. at an exorbitant rate of interest (24-36% per annum). The manufacturing units, small business units, agro-based units and service units had to deploy 9, 16, 15 and 26 per cent of the investment cost as margin money, respectively.

Table 6.2
Average Investment Cost and Sources of Funds Required for Setting up the RNFS Unit
(Rs.)

Sr. No.	Activity	Investment Cost	Bank Loan	Margin Money			Subsidy
				Own Funds	Other Sources	Total	
1.	<i>Manufacturing Units</i>						
i.	Power looms	2344444	2110000	234444	0	234444 (10.0)	384400
ii.	Brick making	96154	80000	3681	12473	16154(16.8)	0
iii.	Furniture making	990000	940500	40750	8750	49500(5.0)	0
iv.	Plastic granules making	985556	887000	50000	48556	98556(10.0)	297000
v.	Plastic pipes making	997895	948000	40000	9895	49895 (5.0)	246500
vi.	RCC pipes making	990000	747000	200000	43000	243000 (24.5)	299400
vii.	Bangles Making	78000	74100	0	3900	3900(5.0)	29880
viii.	Card Board Making	990000	891000	50000	49000	99000(10.0)	23400
	<i>Total</i>	<i>1017838</i>	<i>924153</i>	<i>78633</i>	<i>14720</i>	<i>93685(9.2)</i>	<i>121928</i>
2.	Small business Units	188325	157250	5000	26075	31075(16.5)	14500
3.	Agro-Based	79304	67250	6542	5512	12054(15.2)	0
4.	<i>Service Units</i>						
i.	Cycle repairing	69975	55000	4975	10000	14975 (21.4)	0
ii.	Tent house	75036	52000	4000	19036	23036(30.7)	0
iii.	Hydraulic Crane	998784	948845	49939	0	49939(5.0)	299635
iv.	Boring Machine	1243781	750000	400000	93781	493781(39.7)	372900
v.	Construction Material	266430	150000	25482	90948	116430(43.7)	0
	<i>Total</i>	<i>358624</i>	<i>264731</i>	<i>50660</i>	<i>25622</i>	<i>93893(26.2)</i>	<i>84067</i>
	Overall	501111	439530	38660	18007	61581(12.3)	63039

6.5 The cost of investment incurred by the sample borrowers for setting up the unit including the block capital and working capital required for setting up the unit is given in Table 6.3. The block capital included the funds required for purchasing/renting in the building & work area, purchasing machinery & equipments, other fixed assets like office furniture and pre operation expenditure like expenditure involved in depositing security for taking electricity connection and the working capital required for running the unit. On an average, the RNFS units required about 77.5 per cent of the funds for meeting block capital needs and rest 22.5 per cent for working capital needs. The block capital included 29.1 per cent of the funds required for meeting expenses for building & work area; 36.1 per cent for machinery & equipments; 5.8 per cent for other fixed assets and 6.5 per cent for pre operational expenses.

6.6 The manufacturing units required about 79.5 per cent of the funds for meeting block capital needs and rest 20.5 per cent for working capital needs. The block capital included 32.0 per cent of the funds required for meeting expenses for building & work area; 33.0 per cent for machinery & equipments; 7.7 per cent for other fixed assets and 6.8 per cent for pre operational expenses. Within the manufacturing units, the block capital requirements ranged from 16.2 per cent (brick making) to as high as 100 per cent for power looms. This was so as

the power loom units were normally procuring the raw material and selling the finished products to the same concern. This arrangement was symbiotic to both the sellers and buyers, as the power loom units were not required to invest their funds for purchasing the raw material. In this arrangement, the finished goods were sold at a slightly lower price but this reduced the burden of working capital requirements. The units were getting an advance payment for the job work, which was sufficient for meeting their day-to-day expenses.

6.7 The small business units required about 65.5 per cent of the funds for meeting block capital needs and rest 34.5 per cent for working capital needs. The block capital included 30.8 per cent of the funds required for meeting expenses for building & work area, 27.5 per cent for machinery & equipments and 7.2 per cent for pre operational expenses.

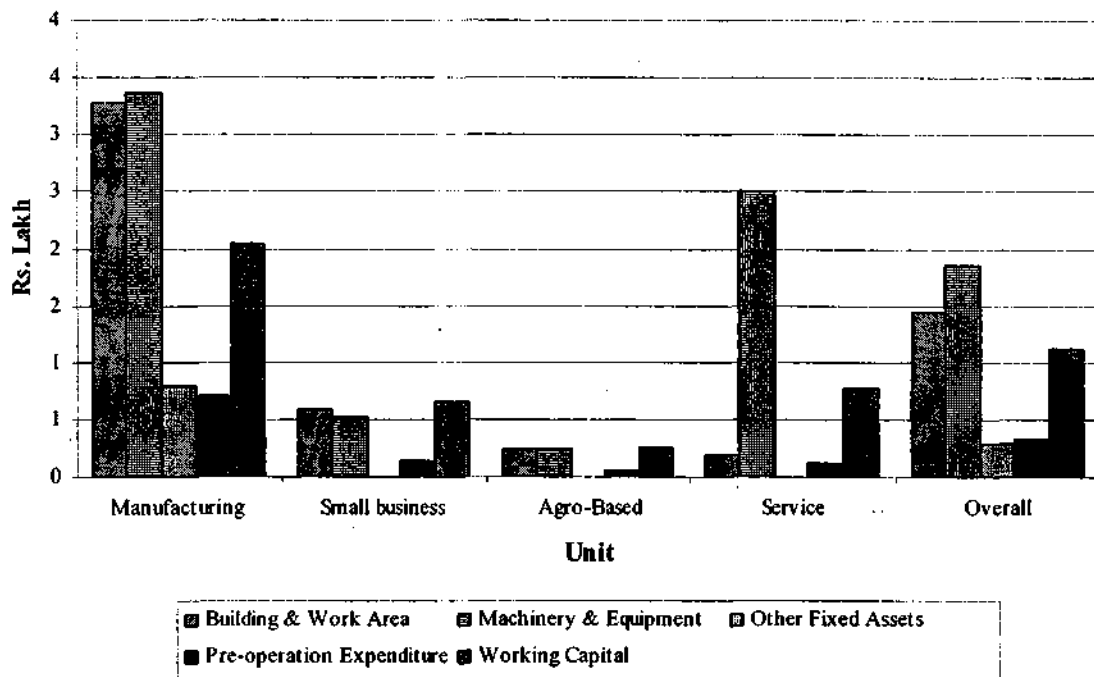
6.8 The agro-based units required about 66.9 per cent of the funds for meeting block capital needs and rest 33.1 per cent for working capital needs. The block capital included 30.8 per cent of the funds required for meeting expenses for building & work area; 29.4 per cent for machinery & equipments and 6.7 per cent for pre operational expenses.

6.9 The service units required about 78.4 per cent of the funds for meeting block capital needs and rest 21.6 per cent for working capital needs. The block capital included 5.1 per cent of the funds required for meeting expenses for building & work area; 69.7 per cent for machinery & equipments and 3.7 per cent for pre operational expenses. Within the service units the block capital requirement ranged from as low as 1.3 per cent (construction material) to as high as 100 per cent in case of boring machine. This was so because the unit was getting an advance payment for undertaking the boring for mining purposes.

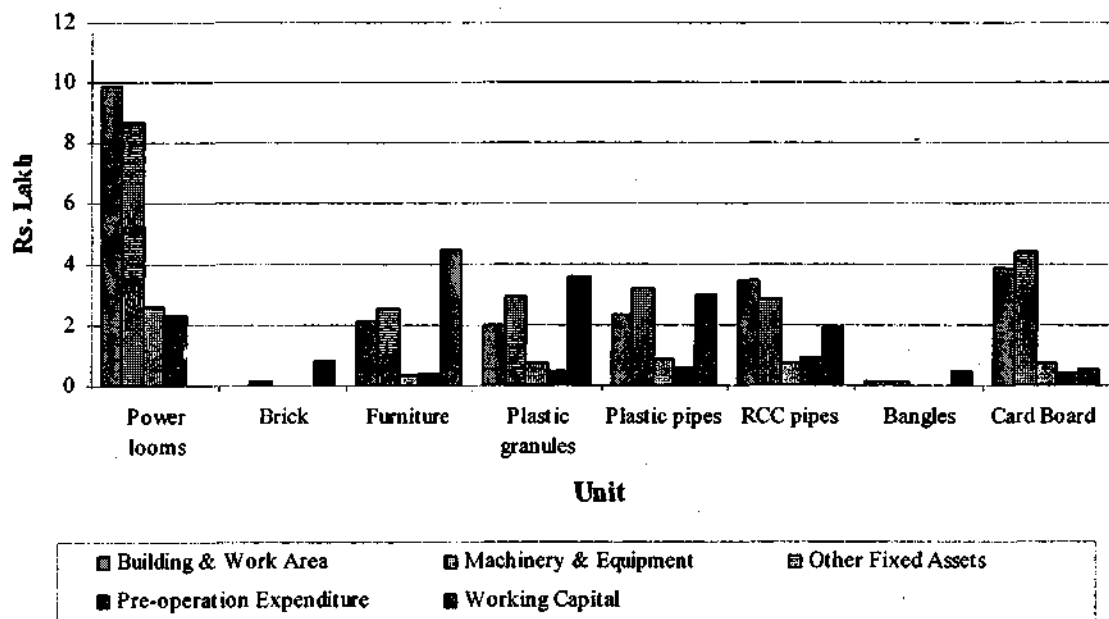
Table 6.3
Average Investment Cost, Block Capital and Working Capital Required for Setting up
the RNFS Unit in Bhilwara District

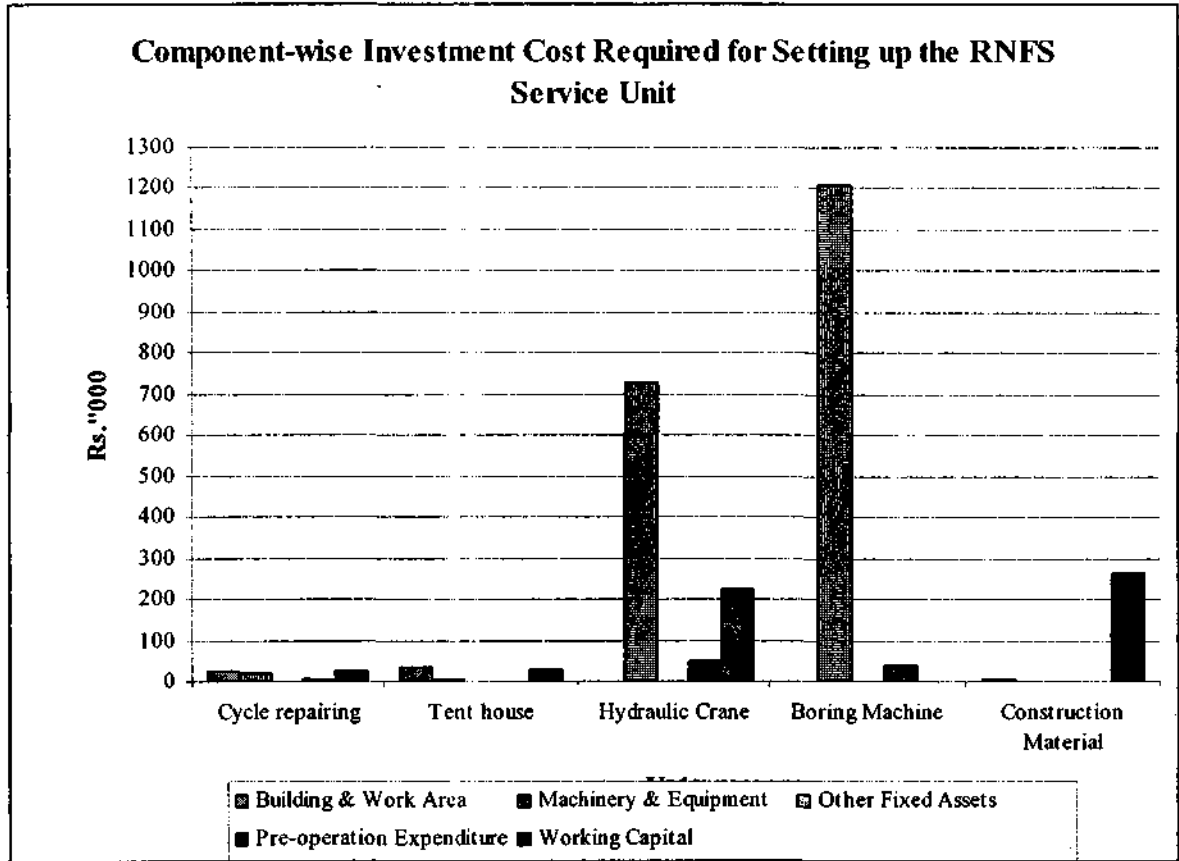
Sr. No.	Activity	Block Capital				Total	Working Capital	Overall
		Building & Work Area	Machinery & Equipment	Other Fixed Assets	Pre-operation Expenditure			
1.	<i>Manufacturing Units</i>							
i.	Power looms	984667 (42.0)	867444 (37.0)	257889 (11.0)	234444 (10.0)	2344444 (100.0)	0 (0.0)	2344444 (100.0)
ii.	Brick making,	0 (0.0)	15544 (16.2)	0 (0.0)	0 (0.0)	15544 (16.2)	80609 (83.8)	96154 (100.0)
iii.	Furniture making	212551 (21.5)	256151 (25.9)	35425 (3.6)	40875 (4.1)	545000 (55.1)	445000 (44.9)	990000 (100.0)
iv.	Plastic granules making	200978 (20.4)	296178 (30.1)	75289 (7.6)	49778 (5.1)	622222 (63.1)	363333 (36.9)	985556 (100.0)
v.	Plastic pipes making	231000 (23.1)	322000 (32.3)	84000 (8.4)	63000 (6.3)	700000 (70.1)	297895 (29.9)	997895 (100.0)
vi.	RCC pipes making	343570 (34.7)	287640 (29.1)	71910 (7.3)	95880 (9.7)	799000 (80.7)	191000 (19.3)	990000 (100.0)
vii.	Bangles Making	13160 (16.9)	11760 (15.1)	3080 (3.9)	0 (0.0)	28000 (35.9)	50000 (64.1)	78000 (100.0)
viii.	Card Board Making	383350 (38.7)	439450 (44.4)	74800 (7.6)	37400 (3.8)	935000 (94.4)	55000 (5.6)	990000 (100.0)
	<i>Total</i>	<i>327774</i> <i>(32.2)</i>	<i>336835</i> <i>(33.1)</i>	<i>78510</i> <i>(7.7)</i>	<i>70069</i> <i>(6.9)</i>	<i>813187</i> <i>(79.9)</i>	<i>204650</i> <i>(20.1)</i>	<i>1017838</i> <i>(100.0)</i>
2.	Small business Units	57949 (30.8)	51783 (27.5)	0 (0.0)	13563 (7.2)	123295 (65.5)	65030 (34.5)	188325 (100.0)
3.	Agro-Based	24410 (30.8)	23349 (29.4)	0 (0.0)	5307 (6.7)	53066 (66.9)	26238 (33.1)	79304 (100.0)
4.	<i>Service Units</i>							
i.	Cycle repairing	24478 (35.0)	19300 (27.6)	0 (0.0)	3295 (4.7)	47074 (67.3)	22901 (32.7)	69975 (100.0)
ii.	Tent house	34199 (45.6)	6926 (9.2)	0 (0.0)	2165 (2.9)	43290 (57.7)	31746 (42.3)	75036 (100.0)
iii.	Hydraulic Crane	0 (0.0)	729440 (73.0)	0 (0.0)	46560 (4.7)	776000 (77.7)	222784 (22.3)	998784 (100.0)
iv.	Boring Machine	0 (0.0)	1206468 (97.0)	0 (0.0)	37313 (3.0)	1243781 (100.0)	0 (0.0)	1243781 (100.0)
v.	Construction Material	3552 (1.3)	0 (0.0)	0 (0.0)	0 (0.0)	3552 (1.3)	262877 (98.7)	266430 (100.0)
	<i>Total</i>	<i>18173</i> <i>(5.1)</i>	<i>250958</i> <i>(70.0)</i>	<i>0</i> <i>(0.0)</i>	<i>12261</i> <i>(3.4)</i>	<i>281392</i> <i>(78.5)</i>	<i>77232</i> <i>(21.5)</i>	<i>358624</i> <i>(100.0)</i>
	Overall	143780 (28.7)	184554 (36.8)	28397 (5.7)	32550 (6.5)	389281 (77.7)	111830 (22.3)	501111 (100.0)

Component-wise & Unit-wise Investment Cost Required for Setting up the RNFS Unit



Component-wise Investment Cost Required for Setting up the RNFS Manufacturing Unit





6.10 For assessing the working capital needs, the borrowers were asked to specify their needs for the same. These have been estimated on the basis of the raw materials required, labour and expenses required for repairs and maintenance of the units. The large sized units financed by RRB and BoB were meeting it from the CC limit maintained by the borrowers (sanctioned earlier) for other purposes like trading. The borrowers were not forthcoming in specifying their requirements for each individual item. They had indicated their lumpsum requirements for one operating cycle, which has been indicated in Table 6.3. Since the area has been facing recurring droughts, there was no demand of their services like repair of agricultural implements, etc. from their clientele in rural areas. Hence the small units were compelled to close their units. The borrowers of these units were not operating these units and were working as labourers in nearby cities/towns.

Chapter VII

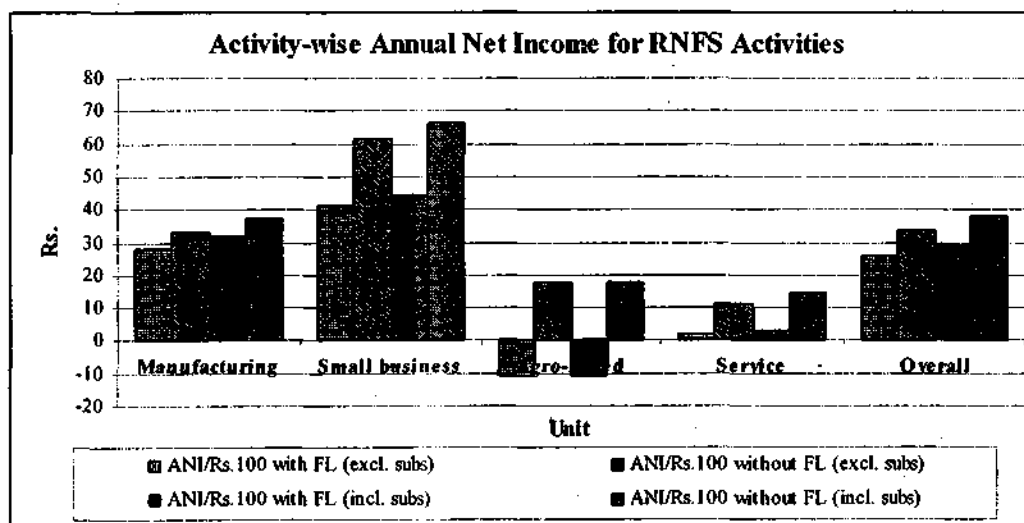
ECONOMICS OF INVESTMENTS

7.1 The present chapter analyses the economics of investments in selected RNFS activities on the basis of data on costs and benefits collected during the field study. For the purpose, gross income, cost of production (fixed and variable) and the net income were computed for all the activities. Considering the heterogeneity of investments and variations in operating cycles and block capital requirements, the net income has been worked out per Rs.100 of investment for meaningful comparison across the selected activities.

7.2 The sample units were drawn from the manufacturing units, small business units, agro-based units and service units. On an average, the variable cost with inclusion of family labour was observed to be Rs.1010697 and Rs.969490 when the family labour was excluded. The fixed cost was computed to be Rs.106193. Thus the total cost with and without family labour was observed to be Rs.1116890 and Rs.1075683, respectively. Net Income with and without family labour was observed to be Rs.136771 and Rs.177977, respectively. Annual net income per Rs.100 of investment with and without family labour was observed to be Rs.25.75 and Rs.33.51, respectively indicating thereby that the RNFS units were generating sufficient income. When the subsidy was included, annual net income per Rs.100 of investment with and without family labour was observed to be Rs.29.22 and Rs.38.03, respectively. In the overall sample the small business units were generating maximum profit per Rs.100 of investment. The agro-based units were running in losses, as the net income per Rs.100 of investment was negative. Details of the same are presented in Table 7.1.

Table 7.1
Activity-wise Economics of Investments for RNFS Activities

Sr. No.	Particulars	(Rs.)				
		Manufacturing Units	Small business Units	Agro-Based Units	Service Units	Overall
1.	Labour Cost with family labour	281440	206400	23547	49180	179548
2.	Material Cost	1118993	364000	10874	80322	536204
3.	Other Cost	374072	30000	77961	13667	158815
4.	Interest on Working Capital	269432	102362	15228	21971	136131
5.	Variable Cost with family labour included	2043938	702762	127610	165140	1010697
6.	Labour Cost without family labour	228910	166400	0	14323	138341
7.	Variable Cost with family labour excluded	1991407	662762	104063	130283	969490
8.	Interest on Block Capital	106099	13898	6075	28671	48597
9.	Depreciation	125747	16472	7200	33980	57596
10.	Fixed Cost	231846	30370	13275	62651	106193
11.	Total Cost with family labour	2275784	733132	140885	227791	1116890
12.	Total Cost without family labour	2223253	693132	117338	192933	1075683
13.	Production Value	2581100	815469	132000	235916	1253661
14.	Net Income with Family Labour	305316	82337	-8885	8125	136771
15.	Net Income without Family Labour	357847	122337	14662	42983	177977
16.	Investment	1077448	198683	82873	385461	531078
17.	Annual net income/Rs.100 with family labour	28.34	41.44	-10.72	2.11	25.75
18.	Annual net income/Rs.100 without family labour	33.21	61.57	17.69	11.15	33.51
19.	Pre Development Income					
20.	Investment net of subsidy	955520	184183	82873	301394	468039
21.	Annual net income/Rs.100 with family labour	31.95	44.70	-10.72	2.70	29.22
22.	Annual net income/Rs.100 without family labour	37.45	66.42	17.69	14.26	38.03



Manufacturing Activities

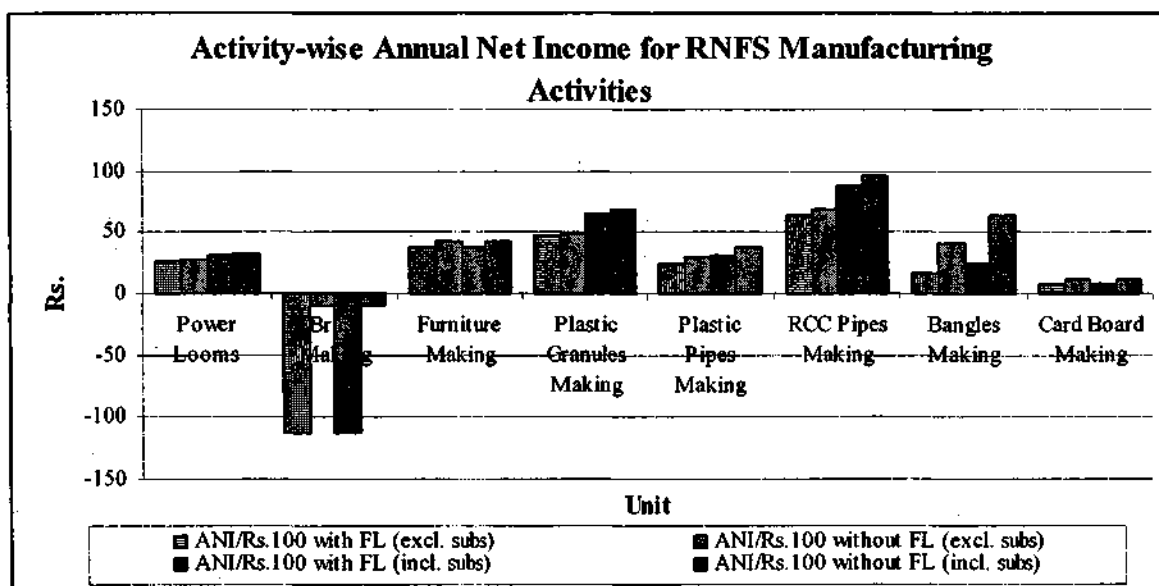
7.3 This group consisted of power looms, brick making, furniture making, plastic granules making, plastic pipes making, RCC pipes making, bangles making and card board making activities. The economics of the manufacturing activities are presented in Table 7.2. It is observed from the table that the variable cost with family labour was observed to be

Rs.2043938 and Rs.1991407 when the family labour was excluded. The fixed cost was computed to be Rs.231846. Thus the total cost with and without family labour was observed to be Rs.2275784 and Rs.2223253, respectively. Net Income with and without family labour was observed to be Rs.305316 and Rs.357847, respectively. Annual net income per Rs.100 of investment with and without family labour was observed to be Rs.28.34 and Rs.33.21, respectively indicating that this group of activities was generating sufficient income for the entrepreneurs. When the subsidy was included, annual net income per Rs.100 of investment with and without family labour was observed to be Rs.31.95 and Rs.37.45, respectively. Within the group the RCC pipes manufacturing was netting an annual net income per Rs.100 of investment with and without family labour while the minimum income per Rs.100 of investment with and without family labour was observed in case of plastic pipes manufacturing.

Table 7.2
Economics of Investments for Manufacturing Activities

Sr. No.	Particulars	(Rs.)								Overall
		Power Looms	Brick Making	Furniture Making	Plastic Granules Making	Plastic Pipes Making	RCC Pipes Making	Bangles Making	Card Board Making	
1.	Labour Cost with FL	287776	104868	348539	345192	300000	581250	62547	287436	281440
2.	Material Cost	898560	55726	1914532	2588940	780000	2906250	184670	63750	1118993
3.	Other Cost	542400	2478	513459	810384	420000	843750	19560	31800	374072
4.	Interest on WC	284760	25746	461480	561677	21600	618750	24508	57448	269432
5.	VC with FL	2013496	188818	3238010	4306193	1521600	4950000	291285	440434	2043938
6.	Labour Cost without FL	244587	0	307548	317577	240000	517500	41907	251489	228910
7.	VC without FL	1970307	83950	3197019	4278578	1461600	4886250	270645	404487	1991407
8.	Interest on Block Capital	284850	2098	73575	84105	89775	143370	3780	126968	106099
9.	Depreciation	337600	2487	87200	99680	106400	169920	4480	150480	125747
10.	Fixed Cost	622450	4585	160775	183785	196175	313290	8260	277448	231846
11.	TC with FL	2635946	193403	3398785	4489978	1717775	5263290	299545	717882	2275784
12.	Total Cost without FL	2592757	88535	3357794	4462363	1657775	5199540	278905	681935	2223253
13.	Production Value	3283200	78868	3794587	4994928	1980000	5917500	312648	807239	2581100
14.	NI with FL	647254	-114535	395802	504950	262225	654210	13103	89358	305316
15.	NI without FL	690443	-9667	436793	532566	322225	717960	33743	125305	357847
16.	Investment	2461666	101923	1044450	1074256	1097685	1039500	83460	1054350	1077448
17.	ANI/Rs.100 with FL	26.29	-112.37	37.90	47.00	23.89	62.94	15.70	8.48	28.34
18.	ANI/Rs.100 without FL	28.05	-9.48	41.82	49.58	29.35	69.07	40.43	11.88	33.21
19.	Investment net of subsidy	2077266	101923	1044450	777256	851185	740100	53580	1030950	955520
20.	ANI/Rs.100 with FL	31.16	-112.37	37.90	64.97	30.81	88.39	24.46	8.67	31.95
21.	ANI/Rs.100 without FL	33.24	-9.48	41.82	68.52	37.86	97.01	62.98	12.15	37.45

FL: Family Labour; WC: Working Capital; VC: Variable Cost; TC: Total Cost



Small Business Activities

7.4 This group consisted of provision store (kirana shop), sweet shop and shoes shop. It is observed from the Table 7.1 that the variable cost with family labour was observed to be Rs.702762 and Rs.662762 when the family labour was excluded. The fixed cost was computed to be Rs.30370. Thus the total cost with and without family labour was observed to be Rs.733132 and Rs.693132, respectively. Net Income with and without family labour was observed to be Rs.82337 and Rs.122337, respectively. Annual net income per Rs.100 of investment with and without family labour was observed to be Rs.41.44 and Rs.61.57, respectively indicating that this group of activities was generating insufficient income for the entrepreneurs. When the subsidy was included, annual net income per Rs.100 of investment with and without family labour was observed to be Rs.44.70 and Rs.66.42, respectively.

Agro-based Activities

7.5 This group consisted of oil expeller, carpenter and agricultural equipments manufacturing. The economics of the agro-based activities are presented in Table 7.1. It is observed from the Table that the variable cost with family labour was observed to be Rs.127610 and Rs.104063 when the family labour was excluded. The fixed cost was computed to be Rs.13275. Thus the total cost with and without family labour was observed to be Rs.140885 and Rs.117338, respectively. Net Income with and without family labour was observed to be (-) Rs.8885 and Rs.14662, respectively. Annual net income per Rs.100 of investment with and without family labour was observed to be (-) Rs.10.72 and Rs.17.69,

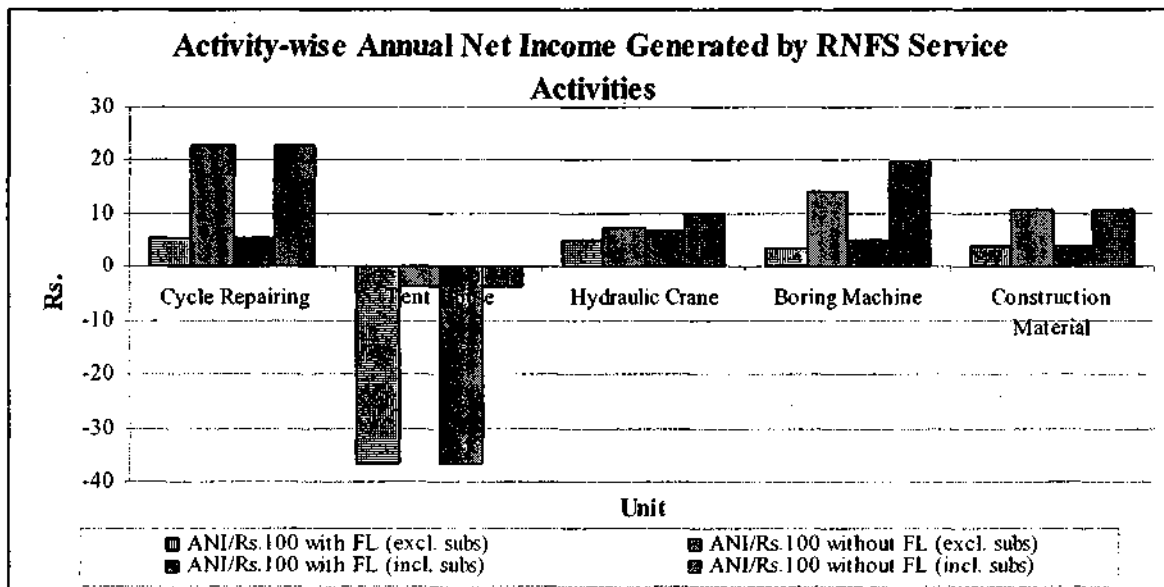
respectively indicating that this group of activities was generating insufficient income for the entrepreneurs. This group of activities did not avail any subsidy.

Service Activities

7.6 This group consisted of cycle repairing, tent house, hydraulic crane, boring machine and construction material activities. The economics of the small business activities are presented in Table 7.3. It is observed from the table that the variable cost with family labour was observed to be Rs.165140 and Rs.130283 when the family labour was excluded. The fixed cost was computed to be Rs.62651. Thus the total cost with and without family labour was observed to be Rs.227791 and Rs.192933, respectively. Net Income with and without family labour was observed to be Rs.8125 and Rs.42983, respectively. Annual net income per Rs.100 of investment with and without family labour was observed to be Rs.2.11 and Rs.11.15, respectively indicating that this group of activities was generating insufficient income for the entrepreneurs. When the subsidy was included, annual net income per Rs.100 of investment with and without family labour was observed to be Rs.2.70 and Rs.14.26, respectively. Within the group the cycle repairing was netting a meagre annual net income per Rs.100 of investment with and without family labour at Rs.5.49 and Rs.22.75 while the minimum (negative) income per Rs.100 of investment with and without family labour was observed in case of tent house, indicating thereby that the activity was a loss making one. The reasons cited for this was the absence of demand due to recurring drought.

Table 7.3
Economics of Investments for Service Activities

Sr. No.	Particulars	Cycle Repairing	Tent House	Hydraulic Crane	Boring Machine	Construct-ion Material	Overall
1.	Labour Cost with family labour	25554	26547	24000	144000	95682	49180
2.	Material Cost	75600	32483	138240	14112	198457	80322
3.	Other Cost	3900	7548	22000	35000	25541	13667
4.	Interest on Working Capital	18716	8988	28557	29932	43157	21971
5.	Variable Cost with family labour	123770	75566	212797	223044	362837	165140
6.	Labour Cost without family labour	12774	0	0	0	76258	14323
7.	Variable Cost without family labour	110990	49019	188797	79044	343413	130283
8.	Interest on Block Capital	4995	4050	104760	101250	270	28671
9.	Depreciation	5920	4800	124160	120000	320	33980
10.	Fixed Cost	10915	8850	228920	221250	590	62651
11.	Total Cost with family labour	134685	84416	441717	444294	363427	227791
12.	Total Cost without family labour	121905	57869	417717	300294	344003	192933
13.	Production Value	138750	54897	493225	494000	374058	235916
14.	Net Income with Family Labour	4065	-29519	51508	49706	10631	8125
15.	Net Income without Family Labour	16845	-2972	75508	193706	30055	42983
16.	Investment	74034	81039	1058711	1355721	285080	385461
17.	Annual net income/Rs.100 with family labour	5.49	-36.43	4.87	3.67	3.73	2.11
18.	Annual net income/Rs.100 without family labour	22.75	-3.67	7.13	14.29	10.54	11.15
19.	Investment net of subsidy	74034	81039	759076	982821	285080	301394
20.	Annual net income/Rs.100 with family labour	5.49	-36.43	6.79	5.06	3.73	2.70
21.	Annual net income/Rs.100 without family labour	22.75	-3.67	9.95	19.71	10.54	14.26



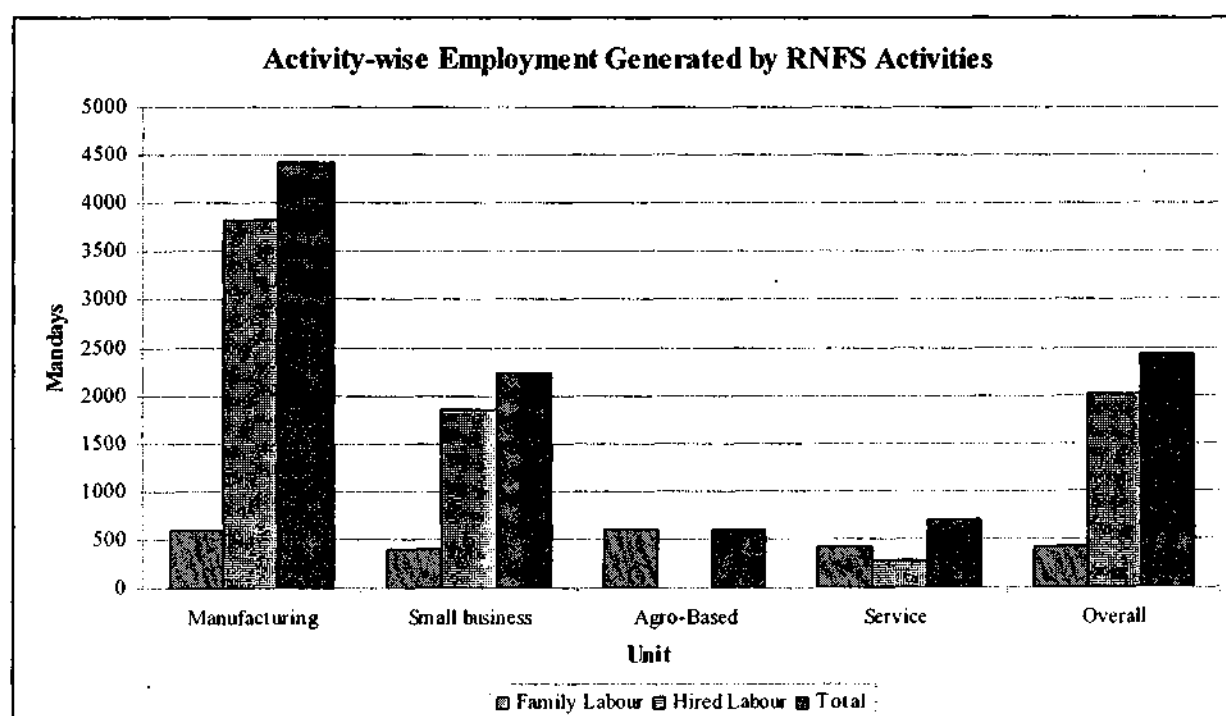
7.7 With the assistance of RNFS activities, the borrowers were able to generate employment not only for themselves (family labour) but also for the hired labourers. The activity-wise employment generation is presented in Table 7.4. It is observed from the table that overall the RNFS units had generated a total employment for 9.19 persons including 1.59 family labour and 7.59 hired labour. The total employment generated was 2428.67 mandays including 411.27 mandays for family labour and 2017.41 mandays for hired labour. Across the activities, the manufacturing units had generated employment for 18.11 persons including 2.55 family labour and 15.56 hired labour. The total employment generated was 4416.78 mandays including 597.11 mandays for family labour and 3819.66 mandays for hired labour. The small business units had generated employment for 6.90 persons including 1.20 family labour and 5.70 hired labour. The total employment generated was 2235.60 mandays including 388.80 mandays for family labour and 1846.80 mandays for hired labour. The agro-based units had generated minimum employment for 2.47 persons exclusively for family labour and a total of 592.80 mandays. The service units had generated employment for 2.54 persons including 1.69 family labour and 0.85 hired labour. The total employment generated was 691.05 mandays including 418.33 mandays for family labour and 272.33 mandays for hired labour.

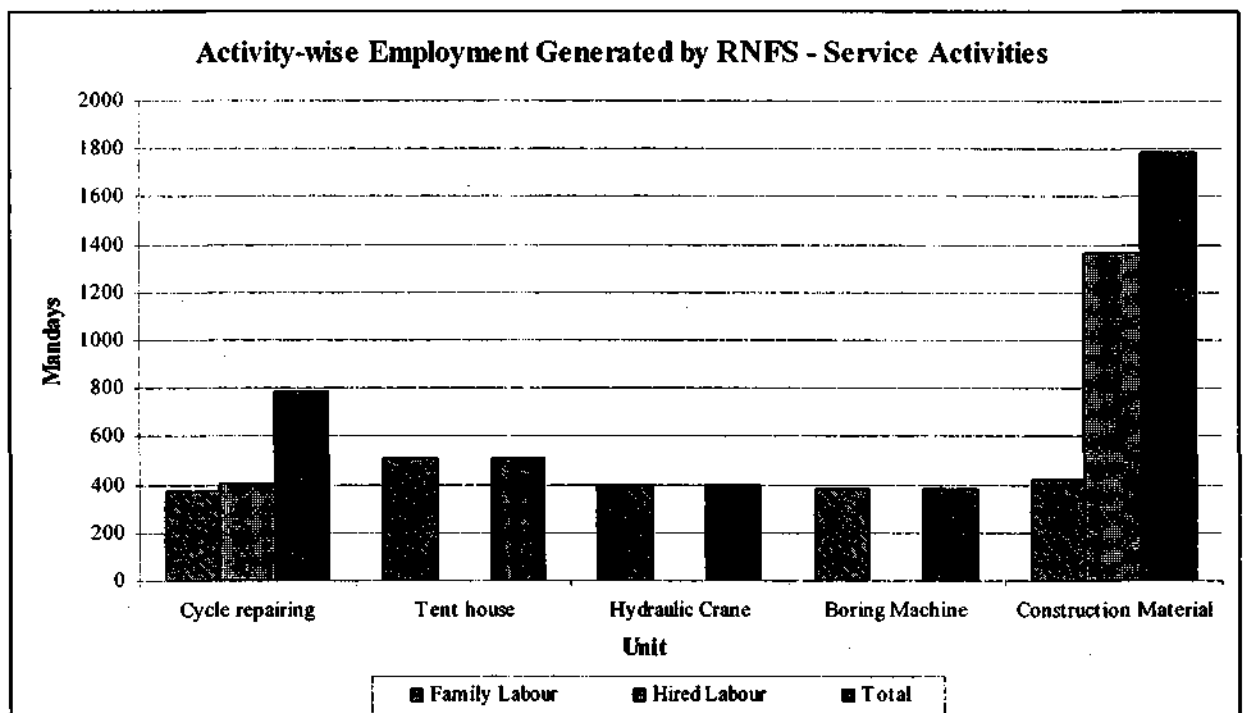
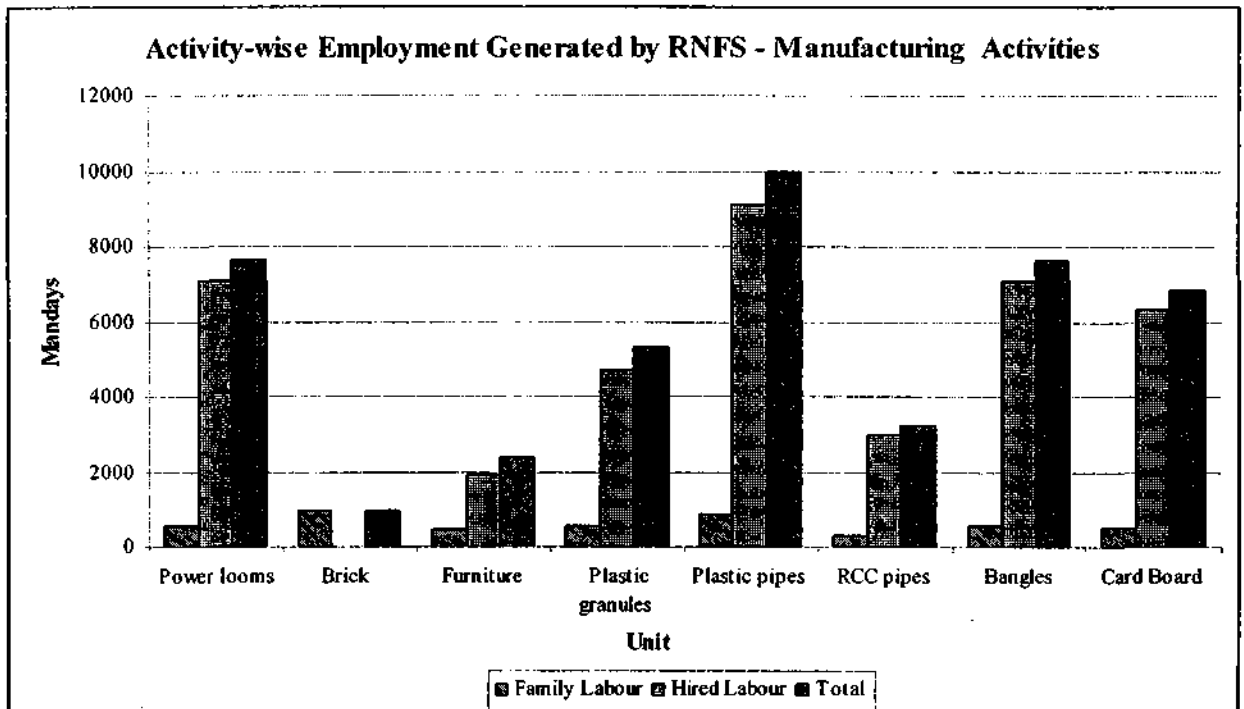
7.8 Among the manufacturing activities, plastic pipes manufacturing had generated maximum employment for 22.10 persons including 2.40 family labour and 19.70 hired labour. The total employment generated was 9952.40 mandays including 861.80 mandays for family labour and 9090.60 mandays for hired labour. Brick making had generated minimum employment for 4.78 persons and 956.00 mandays exclusively for family labour. Among the service units, construction material activity had generated maximum employment for 5.96 persons including 1.40 mandays of family labour and 4.56 mandays of hired labour. The total employment generated was 1788 mandays including 420 mandays for family labour and 1368 mandays for hired labour while the hydraulic crane had generated minimum employment for 2.20 persons and 396 mandays exclusively for family labour.

Table 7.4
Activity-wise Employment Generated by RNFS Activities

(mandays)

Sr. No.	Activity	No. of Persons			Total Mandays		
		Family Labour	Hired Labour	Total	Family Labour	Hired Labour	Total
1.	<i>Manufacturing Units</i>						
i.	Power looms	2.30	29.50	31.80	552.00	7080.00	7632.00
ii.	Brick making,	4.78	0.00	4.78	956.00	0.00	956.00
iii.	Furniture making	1.60	6.90	8.50	448.00	1932.00	2380.00
iv.	Plastic granules making	2.40	19.70	22.10	576.00	4728.00	5304.00
v.	Plastic pipes making	3.10	32.70	35.80	861.80	9090.60	9952.40
vi.	RCC pipes making	1.20	12.40	13.60	288.00	2976.00	3264.00
vii.	Bangles Making	2.30	29.50	31.80	552.00	7080.00	7632.00
viii.	Card Board Making	2.56	31.70	34.26	512.00	6340.00	6852.00
	<i>Total</i>	2.55	15.56	18.11	597.11	3819.66	4416.78
2.	Small business Units	1.20	5.70	6.90	388.80	1846.80	2235.60
3.	Agro-Based	2.47	0.00	2.47	592.80	0.00	592.80
4.	<i>Service Units</i>						
i.	Cycle repairing	1.10	1.20	2.30	374.00	408.00	782.00
ii.	Tent house	2.10	0.00	2.10	504.00	0.00	504.00
iii.	Hydraulic Crane	2.20	0.00	2.20	396.00	0.00	396.00
iv.	Boring Machine	2.12	0.00	2.12	381.60	0.00	381.60
v.	Construction Material	1.40	4.56	5.96	420.00	1368.00	1788.00
	<i>Total</i>	1.69	0.85	2.54	418.33	272.73	691.05
	Overall	1.59	7.59	9.19	411.27	2017.41	2428.67





Financial Rate of Returns

7.1 Besides technical feasibility, it is important to examine the economic viability of the investment in order to assess its worthiness. The financial soundness of the investment was examined by analysing the cash flows generated during the life of the investment. Internal

rate of returns were worked out on the basis of present worth of cash earnings. The following assumptions were made for the financial analysis.

- i. Though the economic life of the investment was much higher but the financial analysis was restricted to 15 years.
- ii. The sample units started realising the full benefits of the investment from the first year onwards. Hence 100 per cent of the income was considered during the first year.
- iii. The output and input use would not undergo change over the years so the benefit stream remains unaltered.
- iv. For an average unit, the replacement cost of machinery was included during the tenth year of investment.
- v. Salvage value of 10 per cent of the capital cost was considered as inflow in addition to the income during the fifteenth year.

7.9 The Financial Rate of Return (FRR) was accordingly worked out for each activity and the details are presented in Table 7.5. It is observed from the table that in both the cases of considering and ignoring subsidy, the RNFS investments were viable with and without the inclusion of family labour as the FRR exceeded the threshold limit of 15 per cent for attaining viability. In fact with and without considering subsidy, the FRR was more than 50 per cent in both the cases, when the family labour was excluded.

7.10 Across the activities when the subsidy was not considered, with the inclusion of family labour, the FRR was observed to be 41.2, > 50, (-) 3.7 and 9.5 per cent for manufacturing, small business, agro-based and service activities, respectively. The respective FRR increased to 46.5, >50, 32.4 and 23.9 per cent when the family labour was excluded. When the subsidy was considered, with the inclusion of family labour, the FRR was observed to be 46.2, > 50, (-) 3.7 and 11.1 per cent for manufacturing, small business, agro-based and service activities, respectively. The respective FRR increased to >50, >50, 32.4 and 31.4 per cent when the family labour was excluded.

7.11 Among the manufacturing activities, only brick making activities was not viable as the FRR was negative in both the cases of including and excluding family labour. There was no subsidy element in this activity. Among the service activities, when the subsidy was not taken into account, the FRR for all the activities were below 15 per cent when the family labour was included. The activities became viable when the family labour was not considered excepting tent

house where the FRR was negative in both the cases. When the subsidy was netted from the total investment, excepting tent house and construction material, all the activities were financially viable. The construction activity turned out to be viable when the family labour was not considered. The tent house remained unviable in both the cases of inclusion and exclusion of family labour.

Table 7.5: Activity-wise FRR for RNFS Activities

(per cent)

Sr. No.	Activity	Without Subsidy		With subsidy	
		With Family Labour	Without Family Labour	With Family Labour	Without Family Labour
1.	<i>Manufacturing Units</i>				
i.	Power looms	46.0	>50	48.1	>50
ii.	Brick making,	(-) 4.3	(-) 1.2	(-) 4.3	(-) 1.2
iii.	Furniture making	>50	>50	>50	>50
iv.	Plastic granules making	>50	>50	>50	>50
v.	Plastic pipes making	38.7	44.5	>50	>50
vi.	RCC pipes making	>50	>50	>50	>50
vii.	Bangles Making	37.4	>50	41.3	>50
viii.	Card Board Making	26.1	32.2	28.6	34.2
	<i>Total</i>	41.2	46.5	46.2	>50
2.	Small business Units	>50	>50	>50	>50
3.	Agro-Based	(-) 3.7	32.4	(-) 3.7	32.4
4.	<i>Service Units</i>				
i.	Cycle repairing	14.59	36.4	14.59	36.4
ii.	Tent house	(-) 15.9	(-) 1.6	(-) 15.9	(-) 1.6
iii.	Hydraulic Crane	14.3	20.7	18.5	23.6
iv.	Boring Machine	13.8	19.3	16.2	33.4
v.	Construction Material	14.2	16.9	14.2	16.9
	<i>Total</i>	9.5	23.9	11.1	31.4
	Overall	39.7	> 50	44.2	> 50

Break Even Point

7.12 Break even point for different activities was worked out for each activity for determining the volume of business required to bring the RNFS activities to a break even level of operation by including family labour and excluding family labour. The details are presented in Table 7.6.

Table 7.6: Activity-wise Volume of Business Required to be Increased/Decreased for Achieving Break Even Point for RNFS Activities

		(%)	
Sr. No.	Activity	With Family Labour	Without Family Labour
1.	<i>Manufacturing Units</i>		
i.	Power looms	51.0	52.6
ii.	Brick making	104.2	190.2
iii.	Furniture making	71.1	73.1
iv.	Plastic granules making	73.3	74.3
v.	Plastic pipes making	57.2	62.2
vi.	RCC pipes making	67.6	69.6
vii.	Bangles Making	61.3	80.3
viii.	Card Board Making	24.4	31.1
	<i>Total</i>	56.8	60.7
2.	Small business Units	73.1	80.1
3.	Agro-Based	-202.4	52.5
4.	<i>Service Units</i>		
i.	Cycle repairing	27.1	60.7
ii.	Tent house	142.8	-50.6
iii.	Hydraulic Crane	18.4	24.8
iv.	Boring Machine	18.3	46.7
v.	Construction Material	94.7	98.1
	<i>Total</i>	11.5	40.7
	Overall	56.3	62.6

7.13 It is observed from the table that on an average, for attaining viability, RNFS activities required about 56 per cent increase in their operations when family labour was included and about 63 per cent increase in their operations when family labour was excluded. When the family labour was included, manufacturing activities, small business activities and service activities required 56,73 and 12 per cent increase in their operations to attain viability while agro-based activities were viable even by decreasing their operations by 202 per cent. When the family labour was excluded, manufacturing activities, small business activities, agro-based activities and service activities required 61, 80, 53 and 41 per cent increase in their operations to attain viability.

Chapter VIII

REPAYMENT PERFORMANCE

8.1 Bankability of any scheme/activity is determined by generation of adequate incremental income to repay the due loan instalment after leaving adequate surplus to meet the consumption needs of the beneficiary. Repayment performance is as such a major indicator of the success of any activity. This chapter attempts to examine the recovery position of the sample borrowers financed for RNFS activities by financing banks as also the reasons affecting the repayment performance of the sample borrowers.

Repayment Performance of Sample Bank Branches

8.2 The demand, collection and balance position of sample bank branches, as on 30 June 2003, for the total financing and RNFS financing is presented in Table 8.1. It is clear from the table that the recovery was higher for RNFS activities as compared to the overall recovery in all the three branches. The recovery for RNFS activities was the highest in case of BoB Bijoliya followed by BAKGB, Bhilwara and PLDB, Suvana in that order. This clearly shows that in the prevailing recurring drought conditions most of the big RNFS units were able to generate income to repay their loan instalments.

Table 8.1

Demand, Collection and Balance Position of Sample Bank Branches (as on 30 June 2003)

(Rs. lakh)

Sr. No.	Bank Branch	Demand		Collection		Balance		% Recovery	
		Total	RNFS	Total	RNFS	Total	RNFS	Total	RNFS
1.	BAKGB, Bhilwara	43.71	13.45	27.28	9.82	16.44	3.63	62.40	73.00
2.	BoB, Bijoliya	56.20	17.29	20.23	14.27	35.97	3.03	36.00	82.50
3.	PLDB, Suvana	754.30	307.88	295.69	130.54	458.62	177.34	39.20	42.40

Repayment Performance of Sample Borrowers

8.3 The demand, collection and balance position of sample farmers who were financed for RNFS units including manufacturing units, small business units, agro-based units and service units, as on 30 June 2003, is presented in Table 8.2. It may be observed from the table that on an average, the repayment performance of the sample borrowers was fairly good at 92.2 per cent. This repayment performance was due to the manufacturing and service activities financed by the banks, which had made advance repayments. Since the loan instalment was too high in these activities, it had not only neutralised the default of small business and agro-

processing units, but also changed the scenario to overall advance repayment. The recovery was poor in small business units (about 26%) and no recovery was observed in agro-based activities. Among the manufacturing units, only brick making units had defaulted in repayment of loans as the recovery was only 56.2 per cent. In case of service units, all the units excepting the tent houses had either repaid the loan in time or had made advance repayment. There was no recovery from the tent house units.

Table 8.2

**Activity-wise Average Demand, Collection and Balance Position of Sample borrowers
(as on 30 June 2003)**

(Rs.)					
Sr. No.	Activity	Demand	Collection	Balance	% Recovery
1.	<i>Manufacturing Units</i>				
i.	Power looms	51791	82500	-30709	159.3
ii.	Brick making,	18836	10587	8249	56.2
iii.	Furniture making	16269	16269	0	100.0
iv.	Plastic granules making	13063	27431	-14368	210.0
v.	Plastic pipes making	11053	29547	-18494	267.3
vi.	RCC pipes making	18335	56487	-38152	308.1
vii.	Bangles Making	1462	1565	-103	107.0
viii.	Card Board Making	21870	32873	-11003	150.3
	<i>Total</i>	<i>22405</i>	<i>31846</i>	<i>1456</i>	<i>142.1</i>
2.	Small business Units	13344	3487	9857	26.1
3.	Agro-Based	14031	0	14031	0.0
4.	<i>Service Units</i>				
i.	Cycle repairing	1295	1295	0	100.0
ii.	Tent house	25712	0	25712	0.0
iii.	Hydraulic Crane	23290	59843	-36553	256.9
iv.	Boring Machine	18409	58406	-39997	317.3
v.	Construction Material	3532	3532	0	100.0
	<i>Total</i>	<i>12568</i>	<i>15708</i>	<i>6428</i>	<i>125.0</i>
	Overall	16591	15305	6856	92.2

Note: In case of advance repayment, the balance has been taken as zero '0' for analysing the balance position of the sample units taken together.

Reasons of Default

8.4 The category-wise number of defaulters and reasons for default (multiple response) are summarised in Table 8.3. It may be observed that defaulters accounted for about 46 per cent of the total sample size. Of the total 23 defaulters, 16 (about 70 %) attributed the default to crop failure due to recurring drought conditions combined with inadequate/ erratic supply of electricity. This was followed by heavy family commitments and indebtedness as the other major reasons of defaults reported by 61 per cent (14) and 52 per cent (12) of the defaulters, respectively. The wilful default was reported by about 35 per cent of total defaulters.

Table 8.3

Reasons for Default as Reported by Sample Borrowers

Sr. No.	Activity	Reasons for default (Multiple Response)				
		Number of Defaulters	Crop Failure	Family commitments	Heavy indebtedness	Inadequate Income
1.	<i>Manufacturing Units</i>					
i.	Power looms	0	-	-	-	-
ii.	Brick making	4	2	2	3	-
iii.	Furniture making	0	-	-	-	-
iv.	Plastic granules making	0	-	-	-	-
v.	Plastic pipes making	0	-	-	-	-
vi.	RCC pipes making	0	-	-	-	-
vii.	Bangles Making	0	-	-	-	-
viii.	Card Board Making	0	-	-	-	-
	<i>Total</i>	4	2	2	3	4
2.	Small business Units	8	2	6	5	7
3.	Agro-Based	7	5	4	5	5
4.	<i>Service Units</i>					
i.	Cycle repairing	0	-	-	-	-
ii.	Tent house	2	-	1	1	2
iii.	Hydraulic Crane	0	-	-	-	-
iv.	Boring Machine	0	-	-	-	-
v.	Construction Material	0	-	-	-	-
	<i>Total</i>	0	-	-	-	-
	Overall	25 (53.0)	11 (44.0)	15 (60.0)	17 (68.0)	18 (72.0)

Rationality of Repayment Period

8.5 The rationality of repayment schedule fixed by banks was judged by comparing the annual net income flow with the debt-service liability. Details are given in Table 8.3.

Table 8.3

Debt Service Liability as a Percentage of Net Income for Sample RNFS Activities

Sr. No.	Activities	Net Income	Debt Service Liability	Repayment Capacity*	Surplus/Deficit	Repayment (%)	DSL as % of Net Income
1.	<i>Manufacturing Units</i>						
i.	Power looms	647254	64739	388352	323614	159.3	10.0
ii.	Brick making	145465	2355	87279	84924	56.2	1.6
iii.	Furniture making	395802	29052	237481	208429	100.0	7.3
iv.	Plastic granules making	504950	27215	302970	275755	210.0	5.4
v.	Plastic pipes making	262225	29086	157335	128249	267.3	11.1
vi.	RCC pipes making	654210	22919	392526	369607	308.1	3.5
vii.	Bangles Making	13103	2088	7862	5774	107.1	15.9
viii.	Card Board Making	89358	27338	53615	26277	150.3	30.6
2.	Small business Units	82337	4766	49402	44636	26.1	5.8
3.	Agro-Based	-8885	2063	-5331	-7394	0.0	-23.2
4.	<i>Service Units</i>						
i.	Cycle repairing	4065	1619	2439	820	100.0	39.8
ii.	Tent house	-29519	1530	-17711	-19242	0.0	-5.2
iii.	Hydraulic Crane	51508	29112	30905	1793	256.9	56.5
iv.	Boring Machine	49706	23011	29824	6812	317.3	46.3
v.	Construction Material	10631	4415	6379	1964	100.0	41.5

* Assumed at 60% of net income

8.6 The loan instalment so worked out was sufficient to meet the loan liability from the net income generated in most of the cases. It may be seen that the debt service liability as proportion of net income ranged between (-) 23.2 to 39.8 per cent for various RNFS activities, suggesting thereby that there is a need for rationalisation of repayment period for all the activities.

Chapter IX

PROBLEMS AND PROSPECTS OF RNFS UNITS

9.1 The successful implementation of any project depends upon the efficiency of the project entities. The project entities are the agencies, which serve as via media between the entrepreneurs (ultimate borrowers) and the financing banks (ultimate lenders). In the case of non-farm sector activities, DIC, KVIC, SSIDC, etc. are the project entities. The basic functions of these bodies is to identify the prospective entrepreneurs, assign suitable non farm activities to them, prepare project profiles and reports, guide in filling up of loan application form, provide assistance in the form of margin money or subsidy and organise training programmes, etc. Thus, the project entities have to provide multifarious linkages.

LINKAGES

9.2 A District Industries Centre is functioning in the district to promote industrial development especially small, cottage and village industries. The District Industrial Centres is the key project entity in the district. It had been collecting data relating to the types of units existing in the district. However, it was not making any wholehearted effort to identify the potentialities for the district. It does not create the awareness about the non-farm sector in general. No training programme pertaining to this is conducted by District Industries Centre (DIC). The Industrial Training Institutes are providing some kind of training but that is not very helpful and is confined to limited activities. NABARD also organises training programme in the districts under Rural Entrepreneurship Development Programme (REDP) so as to promote Rural Entrepreneurship.

9.3 Rajasthan State Industrial Development and Investment Corporation Ltd. (RIICO) has also developed nine (9) industrial areas. In addition, areas have been set apart for industrial development in different blocks. The Dry Port is also being operational. The district has an ITI, which imparts training in different trades. Textile institute in the district is also functioning providing courses in textile technology.

9.4 While large, medium and small-scale industries market their products through the channel of well-organized network throughout the country, the tiny, village and cottage

industry and artisans face problems in marketing their products. Rajasthan Small Industries Development Corporation (RAJSICO) helps to mitigate the marketing problems of artisans and small entrepreneurs to some extent and similar services are also rendered by Rajasthan Handloom Development Corporation (RHDC) to weavers. But small manufactures and artisans still resort to 'distress sale' on some occasions. The situation may improve as RUDA may come out with some initiatives in this direction.

PROBLEMS

9.5 One major constraint faced by almost all the RNFS units was the tough competition from the large units. The brick making, tent houses, etc. were facing competition from the large sized and well-equipped units located in the city. Additionally, these units did not get any demand from the farmers as the recurring droughts had forced them to curtail their expenditure on social ceremonies. The fear of these small units was no doubt genuine as they were losing customers gradually. There has been a consciousness among the people in general to go for the branded products (brick kilns). As the purchasing power of the people increases, the tendency is to move towards the branded products.

9.6 Under these circumstances small units needs to forge alliance with big units both in the matter of making and production; since there are so many types of instances of tie up in other activities. The most important pre condition for such type of tie up is the quality control regime, which has to be followed up strictly by the sample units. It was however disheartening to see the unhygienic surroundings in which the brick kilns, tent houses, etc. were operating.

9.7 Apart from a very few entrepreneurs located at scattered places, the units are virtually absent in the districts. Even though the policy initiative of the State Govt. has been quite encouraging, the lack of general utility services like water and electricity has been cited as the main stumbling blocks on the path of progress of these units.

PROSPECTS

9.8 The market for the processed products is an ever-increasing one and in this background the RNFS units like namkeen making, milk processing, etc. stand a very good chance of improving their performance.

SWOT ANALYSIS

Keeping in mind the problems and prospects of the RNFS activities a SWOT analysis has been attempted.

Strength

- Strong raw material base of the sector for units like power looms, mining activities, agro-processing units.
- Higher demand for these products
- Market is growing due to increase in income.
- Labour Intensity
- Locally available Technology based on the area resources

Weakness:

- Indifference of the financial institutions towards this sector with regard to quantum and proper availability of working capital
- Lack of Training/Research Institutes
- Lack of Quality Control
- Non availability of skilled labour
- Marketing problem

Opportunities:

- Potential Demand for processed product
- Scope for better marketing network and advertisements.
- Favourable/encouraging government support

Threats:

- Existence of competition from big houses with strong marketing channel, huge advertising budget and attractive packaging
- Globalisation and inflow of foreign subsidies

Since agriculture is still the mainstay of our economy, food and agro processing must be the logical next step. The following path of growth for the sector may be chartered out.

STRATEGY FOR DEVELOPMENT

- Related groups of units have to be set up in a coordinated manner in a cluster so that utilisation of by products can be possible simultaneously.
- Advanced management and marketing methods needs to be introduced for the cluster
- Extension and dissemination of information through mass media, technical development research activities and training programmes need to be improved.

Chapter X

POLICY ISSUES AND RECOMMENDATIONS

10.1 The present study was undertaken with a view to examine the status of the RNFS units and the problems and prospects facing these units. The study has observed that in majority cases the loan sanctioned was inadequate leading to under financing. The borrowers were thus compelled to invest their own funds heavily/ borrow from the informal sources at a very high rate of interest ranging from 24 to 36 per cent per annum. As the trading by the NFS units was not properly reflected in the books of account, the financing banks were not able to assess properly the working capital requirements of the NFS units. Banks may take necessary corrective measures.

10.2 The sample units financed by RRB and BoB had repaid the loan regularly. Some of them were even on the verge of closing their accounts. But a majority of the units financed by PLDB could not repay the loan in time; the reasons cited were late receipt of demand notice, prevailing drought conditions for the last three years, less income, non-receipt of payment from the farmers, etc. PLDB may take timely action for effecting better recovery.

10.3 The power supply to the units was inadequate and erratic. Even the small-scale units in rural areas were being charged a flat rate of electricity on per horse-power basis of the power supply. To avoid heavy electricity bill and uncertain power supply, the small borrowers had preferred to use DG set. The water supply to the units was also not satisfactory. The government departments may ensure provision of adequate infrastructure in terms of power supply, water supply, etc.

Chapter XI

SUMMARY AND CONCLUSIONS

11.1 The study was undertaken with the objectives of examining the health and sustainability of RNFS units and the remedial measures required for the same. The study is based on both primary and secondary data. The study covered the RNFS units financed by Bank of Baroda (BoB), Bhilwara Ajmer Kshetriya Gramin Bank (BAKGB), PLDB Bhilwara during 1999-2000 to 2001-02 under ARF. The units covered included manufacturing units, service units, small business units and agro-based units. A sample of 47 borrowers was covered under the study with 2002-03 as the reference year.

11.2 In case of BoB and BAKGB, 26 borrowers had got their applications sponsored by KVIC. Owing to indifferent attitude of the extension/promotional agencies and the funds crunch, the borrowers had not received any technical guidance/training in setting up the unit. The functioning of the units was not affected, as a majority of the activities selected for the study were traditional in nature. In case of few highly skilled activities, the units were running successfully by employing the skilled labourers for the purpose.

11.3 None of the financing banks had prepared/were keeping any project profiles for any NFS activity financed by them. However, the sponsored cases were appraised in detail by KVIC. CBs and RRB were financing the large-scale units ranging from Rs.5 lakh to Rs.25 lakh based on their past experience while PLDB was financing the small-scale units ranging from Rs.25 thousand to Rs.2.4 lakh on the basis of unit cost fixed for the activity.

11.4 NFS investments were financed mainly as composite loan consisting of the term loan for purchasing the plant & machinery and the working capital for two/three cycles was capitalised. As a result, the borrowers faced funds crunch in the later cycles. The borrowers faced problems in obtaining bank loans like delays in sanction of loans (upto 78 days), hassles in documentation, inadequacy of loan amount (as high as 43.7%), shortfall in working capital loan, etc.

11.5 Generally, a repayment period of 5 years including a maximum grace period of 5 months was allowed. In some cases the banks had not given any grace period. This had resulted in a very heavy repayment liability on the small units making them liable to default.

11.6 The interest rate charged by the financing banks varied from 12 per cent to 15.5 per cent. PLDB and BAKGB were charging a uniform interest rate of 13.5 and 15 per cent, respectively whereas BoB was charging interest rate based on the quantum of loan.

11.7 The collateral security in case of PLDB was land holding of the borrower only. BAKGB and BoB were taking plant & machinery of the unit and other immovable properties of the borrower as the collateral security.

11.8 None of the development department/agency of the state/central government or NGO was involved in promoting the NFS activities in the district. The power supply to the units was inadequate, erratic and costly. To avoid heavy electricity bill and uncertain power supply, the small borrowers had preferred to use Diesel Generator set for smooth functioning of their units. The water supply to the units was also not satisfactory.

11.9 All the sample units covered in the study were new units out of which only 28 (59.6%) units were functional. Since the area has been facing recurring droughts, there was no demand for such services like repair of agricultural implements, etc. from their clientele in rural areas. Hence the small units were compelled to close their units. The functional units were mostly large units, operating in the vicinity of the cities/towns.

11.10 On an average, the RNFS units required about 77.5 per cent of the funds for meeting block capital needs and rest 22.5 per cent for working capital needs. The block capital included 29.1 per cent of the funds required for meeting expenses for building & work area; 36.1 per cent for machinery & equipments; 5.8 per cent for other fixed assets and 6.5 per cent for pre operational expenses.

11.11 The manufacturing units, small business units, agro-based units and service units required about 79.5, 65.5, 66.9 and 78.4 per cent of the funds, respectively for meeting block capital needs while the respective working capital needs were 20.5, 34.5, 33.1 and 21.6 per cent.

11.12 For the overall sample, annual net income per Rs.100 of investment with and without family labour was observed to be Rs.25.75 and Rs.33.51, respectively indicating thereby that the RNFS units were generating sufficient income. When the subsidy was included, annual net income per Rs.100 of investment with and without family labour was observed to be Rs.29.22 and Rs.38.03, respectively. The small business units were generating maximum profit per Rs.100

of investment (Rs.41.44 and Rs.61.57 with and without family labour). The agro-based were running in losses, as the net income per Rs.100 of investment was negative.

11.13 Overall the RNFS units had generated a total employment for 9.19 persons including 1.59 mandays of family labour and 7.59 mandays of hired labour per unit. The total employment generated was 2428.67 mandays including 411.27 mandays for family labour and 2017.41 mandays for hired labour. Across the activities, the manufacturing units had generated maximum employment for 18.11 persons per unit including 2.55 mandays of family labour and 15.56 mandays of hired labour. The agro-based units had generated minimum employment for 2.47 persons per unit exclusively for family labour.

11.14 In both the cases of considering and ignoring subsidy, excepting the agro-based activities, the RNFS investments were viable with and without the inclusion of family labour as the FRR exceeded the threshold limit of 15 per cent for attaining viability.

11.15 Among the manufacturing activities, only brick making activities was not viable as the FRR was negative in both the cases of including and excluding family labour. Among the service activities, when the subsidy was not taken into account, the FRR for all the activities were below 15 per cent the activities were viable when the family labour was not considered excepting tent house where the FRR was negative. When the subsidy was included, excepting tent house and construction material, all the activities were financially viable. However, the construction activity turned out to be viable when the family labour was not considered. The tent house remained unviable in both the cases of inclusion and exclusion of family labour.

11.16 On an average, for attaining viability, RNFS activities required about 56 per cent increase in their operations when family labour was included and about 63 per cent increase in their operations when family labour was excluded. When the family labour was included, manufacturing activities, small business activities and service activities required 56,73 and 12 per cent increase in their operations to attain viability while agro-based activities were viable even by decreasing their operations by 202 per cent. When the family labour was excluded, manufacturing activities, small business activities, agro-based activities and service activities required 61, 80, 53 and 41 per cent increase in their operations to attain viability.

11.17 The repayment performance of the sample borrowers was excellent at 92.2 per cent. The excellent repayment performance was due to the manufacturing and service activities financed by the banks, which had made advance repayments. The recovery was poor in case of small business

units (about 26%) and there was no recovery in case of agro-based activities. Among the manufacturing units, only brick making units had defaulted in repayment of loans. In case of service units, all the units excepting the tent houses had either repaid the loan in time or had made advance repayment. There was no recovery from the tent house units.

11.18 Generally the sample units financed by RRB and BoB had repaid the loan regularly. Some of them were even on the verge of closing their accounts. But a majority of the units financed by PLDB could not repay the loan in time; the reasons cited were late receipt of demand notice, recurring drought conditions, less income, non-receipt of payment from the farmers, etc.

11.19 The defaulters accounted for about 46 per cent of the total sample size. Of the total 23 defaulters, 16 (about 70 %) attributed the default to crop failure due to recurring drought conditions combined with inadequate/ erratic supply of electricity, followed by heavy family commitments (61%) and indebtedness (52%) of the defaulters, respectively. The wilful default was reported by about 35 per cent of total defaulters.

11.20 The debt service liability as proportion of net income ranged between (-) 23.2 to 39.8 per cent for various RNFS activities, suggesting thereby that there is a need for rationalisation of repayment period for all the activities.

Policy Issues and Suggestions

11.21 One major constraint faced by almost all the RNFS units was the tough competition from the large units. The brick making, tent houses, etc. were facing competition from the large sized and well-equipped units located in the city. Additionally, these units did not get any demand from the farmers as the recurring droughts had forced them to curtail their expenditure on social ceremonies. Under these circumstances small units need to forge alliance with big units both in the matter of making and production; since there are so many types of instances of tie up in other activities. The most important pre condition for such type of tie up is the quality control regime, which has to be followed up strictly by the sample units. It was however disheartening to see the unhygienic surroundings in which the brick kilns, tent houses, etc. were operating.

11.22 There is vast scope for RNFS units such as small-scale agro-processing units in the district. Even though the policy initiative of the State Govt. has been quite encouraging, the lack of general utility services like water and electricity has been cited as the main stumbling blocks on the path of progress of these units.

11.23 The market for the processed products is an ever-increasing one and in this background the RNFS units like namkeen making, milk processing, etc. stand a very good chance of improving their performance. Since agriculture is still the mainstay of our economy, food and agro processing must be the logical next step. Related groups of units have to be set up in a coordinated manner in a cluster so that utilisation of by products can be possible simultaneously. Advanced management and marketing methods needs to be introduced for the cluster. Extension and dissemination of information through mass media, technical development research activities and training programmes need to be improved.

11.24 There is a need for a pro-active role by Government agencies like DIC, banks and involvement of NGOs in mapping of the potential, identifying the borrowers, imparting the required entrepreneurial skills and providing enabling environment for Non-Farm Sector.

11.25 The government line departments may ensure provision of adequate infrastructure in terms of power supply, water supply, etc. to ensure smooth functioning of the units.

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

A. Reports Published by the Head Office of NABARD

S.No.	Title of Evaluations Study Reports	Year of Publishing
1	*Minor Irrigation Scheme - Construction of New Wells and installations Pumpsets thereon in Solapur District, Maharashtra	1977
2	* Minor Irrigation Scheme - Installation of Shallow Tubewells in Karnal District, Haryana	1977
3	* Bhadra Land Development Project - Scheme for Reclamation and Development of Land, Karnataka	1977
4	* Land Development under Nagarjuna Sugar Project, Miryaguda Taluka, Andhra Pradesh	1977
5	*Dairy Development Scheme in Jagadhri Block of Ambala District, Haryana	1978
6	*Poultry Development Scheme in Monga area of Faridkot District, Punjab	1978
7	*Poultry Development Scheme in Mulkanoor, Karimnagar, District Andhra Pradesh	1979
8	*Mechanised Fishing Boats in South Kanara District, Karnataka	1979
9	*Development of Acid Gardens in Nellore District, Andhra Pradesh	1981
10	*Ground Water Irrigation in Kota, District, Rajasthan	1982
11	Minor Irrigation in Bhojpur District, Bihar	1982
12	Development of Grape Cultivation in Bijapur District, Karnataka	1982
13	River Lift Irrigation Scheme in Pune District, Maharashtra	1982
14	*Dairy Development Scheme in Western Uttar Pradesh	1982
15	*River Lift Irrigation Scheme in Kolhapur District Maharashtra	1982
16	Sheep Rearing in Nalgonda District, Andhra Pradesh	1982
17	* Development of Coffee Plantation in Lower Plains Areas, Madurai District, Tamil Nadu	1982
18	* Public Tubewells and river lifts in Orissa	1984
19	Power Tillers in Hooghly District, West Bengal	1985
20	Commercial Poultry in Krishna District Andhra Pradesh	1986
21	Dugwell Irrigation in Palghat District, Kerala	1986
22	Tractors in North Bihar	1986
23	Dairy Development in Darjeeling District, West Bengal	1987
24	Tractors in Varanasi, Ghazipur and Jaunpur Districts of Eastern Uttar Pradesh	1987
25	Tractors and Power Tillers in Tamil Nadu	1987
26	Minor Irrigation in Musaffarnagar, District Uttar Pradesh	1987
27	Dairy Development in Quilon District, Kerala	1987

28	Dugwell Irrigation in Dhenkanal districts, Orissa	1988
29	Dugwell and Shallow Tubewells in Purnea District, Bihar.	1988
30	Dugwell Irrigation in Nasik District, Maharashtra.	1988
31	Calf Rearing in North Arcot, Salem and Coimbatore, District Tamil Nadu	1988
32	Minor Irrigation in Allahabad District, Uttar Pradesh	1988
33	Coconut Development in Quilon District, Kerala	1988
34	Minor Irrigation in Purulia District, West Bengal	1988
35	Sprinkler Irrigation in Semi Arid Areas of Rajasthan	1989
36	Dugwell Irrigation in Amravati District, Maharashtra	1989
37	Marine Fisheries in Coastal Gujarat and Maharashtra	1989
38	Financing of Shallow Tubewells under massive National Programmes in Haryana	1989
39	Financing of Apple Orchards in Hill Districts, Uttar Pradesh	1991
40	Work Animals and Animal Driven Carts in Meerut District, Uttar Pradesh	1991
41	Inland Fishery in Krishna District, Andhra Pradesh	1991
42	Bio-Gas Plants in Nainital and Rampur District, Uttar Pradesh	1991
43	Impact of NFS Investments	1994
44	Lift Irrigation Scheme in Maharashtra	1995
45	Mandawan Watershed Project under Indo- German Watershed Development Programme - Maharashtra	1999
46	Self Help Groups in Tamil Nadu	2000
47	Micro Finance for Rural People - An Impact Study	2000
48	Non- Farm Sector Investments - An Impact Assessment	2002
49	SHG-Bank Linkage Programme for Rural Poor in India - An Impact Assessment	2002

*Reports are out of stock

B. Reports Published by Regional Offices of NABARD

Sr. No.	Title of Evaluation Study Report	Year of Publication
Andhra Pradesh		
1	Public Tubewells in Khammam District, Andhra Pradesh	1988
2	Development of Grape Gardens in Rangareddy District, Andhra Pradesh	1989
3	Dugwell Irrigation in Chittoor District, Andhra Pradesh	1989
4	Mango Orchards in Krishna & Khamman District, Andhra Pradesh	1991
5	On-Farm Development works under Nagarjunasagar Project Command in Khammam and Krishna District, Andhra Pradesh	1995
6	Inland Fishery in West Godavari District, Andhra Pradesh	1996
7	Dairy Development in Krishna District - Andhra Pradesh	1999
8	Poultry - Layer Investment, Andhra Pradesh	2000
9	Food (Mango) Processing in Visakhapatnam & Chittoor Districts	2001
10	Sheep Rearing in Mahaboobnagar and West Godavari Districts	2002
11	An Ex-Post Evaluation Study in Sericulture Investments in Andhra Pradesh	2002
12	Rural Non-Farm Sector Investments in Andhra Pradesh	2005
Assam		
1	Private Shallow Tubewells and Lift Points in Assam	1989
2	Inland Fishery in West Tripura District, Tripura	1992
3	IRDP in Nagaon District Assam	2000
4	Farm Mechanisation (Power Tillers) in Sibsagar District, Assam	2000
Bihar		
1	Shallow Tubewells in Darbhanga, Madhubani & Samastipur Districts	1988
2	Deep Tubewells in Bihar	1989
3	Dairy Development Scheme in Begusarai & Singhbhum Districts	1996
4	Minor Irrigation Schemes in Samastipur District, Bihar	1996
5	IRDP in Ranchi District in Bihar	1997
6	Cold Storage in Bihar	2004
7	Million Shallow Tubewells Programme in Bihar	2005
Chhattisgarh		
1	Evaluation of MI Investments in Chhattisgarh - A Study	2005
Gujarat		
1	Poultry Development Scheme in Gujarat	1988
2	Dairy Development Scheme in Mehsana District, Gujarat	1989
3	Lift Irrigation Scheme of Ukai Lefat Bank Main Canal, Gujarat	1991
4	Financing of Tractors in Mehsana & Rajkot Districts, Gujarat	1992
5	Investments Financed under IRDP in Valsad District, Gujarat	1994
6	Market Yard in Jetpur, Rajkot Districts, Gujarat	2003
7	Marine Fisheries in Junagarh	2003
8	Buffalo Financing in Sabarkantha	2004

Haryana & Punjab		
1	Poultry Farming in Punjab	1987
2	Dairy Development Schemes in Karnal and Rohtak District, Haryana	1987
3	Tractors in Haryana	1994
4	Grape Gardens in Hissar District, Haryana	1998
5	Inland Fisheries in Patiala and Bhatinda Districts, Punjab	2000
6	Viability of Tractors in Punjab	2001
7	Non- Farm Sector in Ludhiana and Sangrur Districts of Punjab	2001
8	Water Conveyance System in Rewari and Mahendragarh Districts of Haryana	2001
9	Cold Storages in Jalandhar, Ludhiana and Patiala Districts of Punjab	2001
10	Dairy Financing in Kurukshetra and Kaithal Districts of Haryana	2002
11	Self Help Groups in Karnal, Gurgaon and Bhiwani Districts of Haryana	2002
12	Poultry (Layers) in Sangrur and Gurdaspur Districts in Punjab.	2003
13	Financing of Tubewells in Bhatinda, Hoshiarpur and Ropar Districts of Punjab	2003
14	Agro and Food Processing Units in Haryana	2003
15	Roads in Mukatsar District in Punjab	2003
16	Financing of Dairy Development (Buffaloes) in Patiala and Sangrur Districts of Punjab	2004
17	Tractor Financing in Kaithal and Faridabad Districts of Haryana	2005
Himachal Pradesh		
1	Dairy Development in Mandi District, Himachal Pradesh	1997
2	Apple Cultivation in Himachal Pradesh	2004
Jammu & Kashmir		
1	IRDP in Baramullah District, Jammu & Kashmir	1992
2	Tractors in Jammu District, Jammu & Kashmir	1995
Karnataka		
1	Development of Grape Gardens in Bangalore & Kolar Districts of Karnataka	1989
2	Borewell Financing in Chhitradurga and Kolar Districts, Karnataka	1990
3	Development of Coffee Gardens in Karnataka State	1992
4	Sericulture Development in Karnataka -- Farm Investments	1993
5	Lift Irrigation Schemes in Belgaum District, Karnataka	2000
6	Poultry (Broiler) Development in Bangalore (Rural) and Bangalore (Urban) Districts (Karnataka)	2001
7	Drip Irrigation Programme in Chhitradurga District of Karnataka	2002
8	Dairy Development in Kolar and Shimoga Districts of Karnataka	2003
9	Sericulture in Kolar and Tumkur Districts of Karnataka	2003
10	Fuelwood Development Projects in Karnataka	2003
11	Participatory Irrigation Management Institutions in Karnataka	2004
12	Gherkin AEZ - Karnataka - Commodity Specific Study with special reference to Contract Farming	2005

	Kerala	
1	Betel vine Gardens in Trivandrum District Kerala	1988
2	Broiler Poultry Development in Ernakulam District, Kerala	1990
3	Development of Rubber Plantation in Kottayam District Kerala	1991
4	Fisheries Development in Kollam District, Kerala.	1992
5	Farm Mechanisation in Palghat and Ernakulam District, Kerala	1995
6	Rural Non- Farm Sector in Malappuram and Kozhikode Districts, Kerala	1998
7	Sprinkler Irrigation in Arecanut Gardens in Kasargod District of Kerala	2002
8	Dairy Development in Kollam District of Kerala	2002
9	Minor Irrigation in Kasaragod and Kannur Districts of Kerala	2003
10	Rural Non- Farm Sector Activities in Kollam and Alappuzha Districts of Kerala	2004
11	Self Help Groups in Wayanad District of Kerala	2004
	Madhya Pradesh	
1	Dugwell and Shallow Tubewell Irrigation in Narsinghpur Distt. M.P.	1988
2	Tractor Financing in Raisen and Vidisha Districts, Madhya Pradesh	1989
3	Commercial Layer Poultry Development in Indore Distt. Madhya Pradesh	1992
4	IRDP in Sagar District, Madhya Pradesh	1994
5	Rural Non Farm Sector in Ujjain District	2005
	Maharashtra	
1	Lift Irrigation Schemes in Ahmednagar District, Maharashtra	1988
2	Well Irrigation in Aurangabad District, Maharashtra	1991
3	Poultry Development in Pune District, Maharashtra	1991
4	Grape Gardens in Nasik District, Maharashtra	1993
5	Land Development in Command Area of Kukkadi Project	1995
6	IRDP in Yavatmal District	1998
7	Farm Mechanisation in Ahmednagar District of Maharashtra	1999
8	Post Harvest Centres (pre cooling, etc.) for Export of Grapes in Maharashtra	2001
9	Rice Mills in Maharashtra	2002
10	Cold Storages in Maharashtra	2004
	Orissa	
1	Betel vine gardens in Puri District, Orissa	1989
2	Tractors in Sambalpur District, Orissa	1989
3	Dairy Development Scheme in Cuttack & Ganjam Districts, Orissa	1992
4	Brackish Water Prawn Culture in Puri District, Orissa	1994
5	Minor Irrigation in Sambalpur District, Orissa	1997
6	Shallow Tubewells in Undivided Cuttack and Undivided Puri Districts of Orissa	2000
7	District Rural Industries Project (DRIP) and Primary Lending Institution (PLI) Training Programme in Undivided Ganjam District of Orissa	2000
8	Group Financing under Farm Mechanisation in Orissa	2003
9	Investment under RIDF in Rural Bridges	2004
10	SHG Bank Linkage Programme in KBK Region in Orissa	2005

	Rajasthan	
1	Minor Irrigation Structures in Kherwara P.S. Udaipur District, Rajasthan	1988
2	Tractors in Alwar District, Rajasthan	1991
3	Market Yard in Kekri, Ajmer District, Rajasthan	1991
4	Borewell in Jodhpur District, Rajasthan	1993
5	IRDP in Alwar District, Rajasthan	1995
6	Poultry in Ajmer District, Rajasthan	1995
7	Sprinkler Irrigation Schemes in Barmer District, Rajasthan	1997
8	Dairy Schemes in Bharatpur District	1999
9	Water Management Schemes in Jaipur District.	2001
10	Minor Irrigation Schemes in Bikaner District of Rajasthan	2001
11	Orange Cultivation Schemes in Jhalawar District of Rajasthan	2002
	Tamil Nadu	
1	Poultry Development in Salem District, Tamil Nadu	1998
2	Dugwell Irrigation in Pudukkottai and North Arcot Districts, Tamil Nadu	1989
3	Tea Gardens in Nilgiris District, Tamil Nadu	1990
4	Minor Irrigation Investments under Massive Assistance Programme in South Arcot, Tiruchirappalli Districts, Tamil Nadu	1991
5	Jasmine Investments in Salem and Madurai Districts, Tamil Nadu	1992
6	Mini Dairy Investments in Coimbatore and Periyar Districts, Tamil Nadu	1994
7	Marine Fisheries in Tamil Nadu	1998
8	Sericulture in Tamil Nadu	1999
9	IRDP in Tamil Nadu	2000
10	Modern Rice Mills in Tamil Nadu	2001
11	Coconut Development in Coimbatore District of Tamil Nadu	2002
12	Minor Irrigation Credit Programme in Ramnad and Trichy Districts	2002
13	District Rural Industries Project - An Evaluation Study in Tirunelveli Distt.	2003
14	Cold Storages in Tamil Nadu	2003
15	Rural Roads in Tamil Nadu	2003
16	Combine Harvesters in Tiruvallur and Salem Districts of Tamil Nadu	2005
	Uttar Pradesh	
1	Minor Irrigation Schemes in Jhansi District, Uttar Pradesh	1988
2	Tractors in Western Uttar Pradesh	1992
3	Inland Fishery in Azamgarh and Deoria District, Uttar Pradesh	1994
4	NFS in Moradabad District, Uttar Pradesh	1995
5	Sanghan Mini Dairy Project in Allahabad District, Uttar Pradesh	1997
6	Mushroom Cultivation in Dehradun District, Uttar Pradesh	1997
7	Grape in Muzzafarnagar District, Uttar Pradesh	1998
8	Minor Irrigation in Raebareli District, Uttar Pradesh	1998
9	Poultry (Broilers) Farming in Uttar Pradesh	2005
	West Bengal	
1	Inland Fisheries Scheme in Nadia District, West Bengal	1987
2	Betelvine Gardens in Midnapore District, West Bengal	1989

3	Bullocks and Bullock Carts in Malda District, West Bengal	1991
4	Poultry Farming (Broiler) in Medinipur District, West Bengal	1999
5	Minor Irrigation Scheme in Birbhum District, West Bengal	2000
6	Ex-Post Evaluation Study on Floriculture in Midnapore District of WB	2002
7	Ex-Post Evaluation Study on Agro Based Units - Modern Rice Mills and Mustard Oil "Ghani" Mills in Bankura, Burdwan and Nadia Districts	2003
8	Impact Assessment of SCP -TSP in West Bengal	2004
9	Rural Road Projects under RIDF in West Bengal	2005
10	Land Development Sector in West Bengal	2005
	Uttaranchal	
1	RNFS Study in Udham Singh Nagar District of Uttaranchal State	2006

