

TRIBAL ENTREPRENEURSHIP IN INDIA: ROLE OF NATIONAL SCHEDULED TRIBES FINANCE AND DEVELOPMENT CORPORATION*

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ABSTRACT

A significant proportion of India's tribal population lives in isolated regions with limited access to capital, markets, infrastructure, and technology. They continue to rely on informal financing sources with high interest rates and onerous terms. The government implemented numerous programmes to boost entrepreneurship and raise income levels in order to address their livelihood concerns. In this context, the present study examines the role of government financial and marketing assistance in the development of tribal entrepreneurship. The study relied on both primary and secondary data gathered from 15 Indian states. Majority of the beneficiaries' projects were physically inspected for evaluation purposes. The findings of the study suggest that the three NSTFDC income-generation schemes have had mixed results in terms of offering livelihood options to Scheduled Tribes (STs). These programmes have shown to be quite beneficial to tribals in some states, but not in others, suggesting that the state governments can harness the hidden entrepreneurial skills of tribal people by providing only small financial, technical, and marketing support.

Keywords: *Entrepreneurship, Livelihood, Microfinance*

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1. Introduction

Since independence tribals remained one of the most disadvantageous socio-economic groups of India. In the early decades of independence they lived in isolation, suffered from abject poverty, and lived below the subsistence level (Jain, 2000). The 2011 census shows that tribal people constitute 8.6 per cent of the total population of the country. Most of them are employed in the primary sector and heavily rely on agriculture, either as farmers or agricultural labourers (Kumar & Prakash, 2017). According to the National Family Health Survey (NFHS-4) conducted in the year 2015-16, the poverty rate among Scheduled Tribes (STs) in India was around 45.3 per cent, which is significantly higher than the national average of 21.9 per cent (MoHFW, 2017). One of the main factors is that most of them were ordained to rely on forests, land, and natural resources for their livelihoods. According to the 2011 Socio-Economic Caste Census (SECC, 2011), 73 per cent of the rural tribal families are below the poverty line. Almost 87 per cent of them work as agricultural labourers or other temporary employees, earning a pitiful INR 5,000 each month (Damodaran, 2015).

They had limited access to education, healthcare, and other basic amenities (MoHFW, 2018). The literacy rate among the STs is lower as compared to the general population. As per the Census of India 2011, the literacy rate for STs was 59.7 per cent, while the overall national literacy rate stood at 73 per cent (Census, 2011). Similarly, The NFHS-4 data revealed that around 49.3 per cent of the ST children under the age of five were stunted, indicating chronic malnutrition. Infant mortality rate among the STs was 51 deaths per 1,000 live births, as compared to the national average of 34 deaths per 1,000 live births. Gare (1983) asserts that the main barriers to any social group's ability to enhance its position, including the tribal ones, are poverty, disease, and illiteracy.

As nations progress and economic activities get expanded beyond the rural and urban areas, the rights of tribes over land and forest resources are often contested or overlooked (Behra, 2015). Though many tribes in India have their own specialization in agricultural products and practices, yet the developmental activities such as mining, industrialization and industrial pollution have resulted in the loss of their agricultural and forest land and degradation of other resources (Mehta, 2002), which has significantly affected their traditional livelihood practices. Various reports and studies suggest that unemployment rates among tribal communities are relatively higher. As per the Periodic Labour Force Survey (PLFS, 2018-19), the unemployment rate among STs was 9.4 per cent, which is significantly higher than the national average of 5.8 per cent. This contributes to the cycle of poverty and economic marginalization.

Simultaneously, there has been a steady increase in the tribal population, which has put pressure on land and forest resources in the country. In 1961, the tribal

population in India was estimated to be around 30.1 million which has increased to approximately 104 million in 2011, accounting for 8.6 per cent of the country's total population (MoTA, 2012). This population growth leads to an increased demand for land and resources to sustain the livelihoods of tribal communities, resulting in further deforestation and encroachment into forest areas. In such a scenario the traditional livelihood practices of tribal communities are now becoming unsustainable, unviable, or impossible to continue. Due to lack of employment opportunities, they are forced to leave their villages in the quest for jobs or livelihoods. Hence, there is a need for providing them with alternative economic opportunities, skills, and resources.

Given the aforementioned aspect, this study addresses the following research questions: (i) what is the impact of NSTFDC schemes on the STs, both financial and social, with reference to income, education, healthcare, social status, and so on, of the identified beneficiaries; (ii) to identify bottlenecks in scheme implementation and changes required to enhance the delivery mechanism; and (iii) to what extent the schemes have addressed the goal of generating sustainability.

The structure of the research paper is as follows. Section 2 describes the methodology of the paper. In the third section, the paper examines the employment situation among the scheduled tribes of India. In brief, the employment status of the STs has been compared with that of other communities. Section 4 briefly discusses the major livelihood and employment generation schemes for tribals in India. Section 5 examines the performance of NSTFDC schemes using secondary data published in their annual reports. Section 6 summarizes the findings of the primary data analysis and identifies the barriers to successful implementation of these schemes. Finally, the study ends with conclusions and policy suggestions.

2. Methodology

The study is based on both primary and secondary data as well as group discussions and personal interviews with first-generation micro entrepreneurs from tribal communities who have received financial assistance from the government. During the field visit, the researcher solicited open feedback from the STs on the achievements of job-creation activities and the opportunities and constraints faced by tribal entrepreneurs as well.

As mentioned earlier, entrepreneurship among the tribes of India is strongly influenced by unique socio-cultural factors such as traditional practices, customs, and beliefs. The present study through its primary survey in remote areas of 15 states, adequately explored these factors and their impact on entrepreneurial activities within tribal communities. Previous research, particularly related to the impact of entrepreneurship, may provide limited

insights into the policy gaps, implementation challenges and potential solutions to support tribal entrepreneurship with respect to NSTFDC schemes. Therefore, this research, by addressing these gaps and limitations, may contribute to a more comprehensive understanding of the tribal entrepreneurship development in India, and suggest policy interventions and support mechanisms, to promote inclusive and sustainable economic growth in tribal areas.

The information regarding the outcomes and the efficacy of the Term Loan Scheme (TLS) is gathered through primary surveys by using structured and mostly closed-ended questionnaires. In total, 1,204 samples have been collected from the 15 states of India viz., Arunachal Pradesh, Chhattisgarh, Goa, Gujarat, Himachal Pradesh, Jharkhand, Karnataka, Kerala, Maharashtra, Meghalaya, Nagaland, Rajasthan, Sikkim, Tripura, and Uttarakhand. The selection of states was done with the aim at covering all the geographic regions of the country.

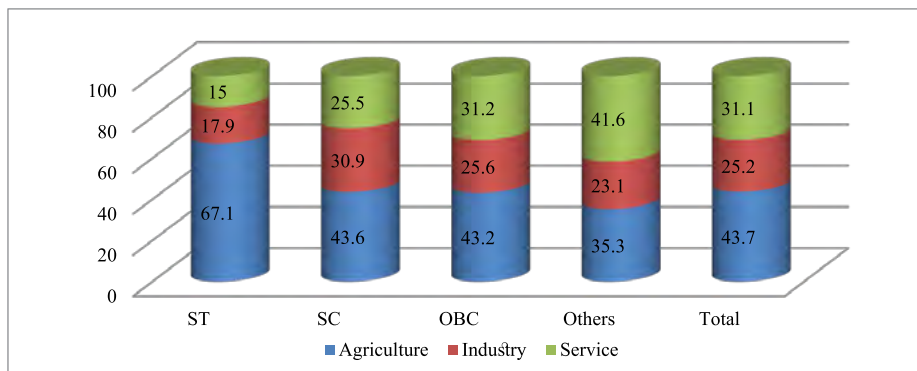
The research study adopted a multistage stratified sampling technique for data collection. All the 15 State Channelizing Agencies (STAs) at the state level were requested to provide the list of beneficiaries of term loan scheme who have taken loans in the last five years. The research team also tried to select an equal number of respondents from each state on a random basis. From each state one best performing and one non-performing district was selected for the survey. Indicators such as, the amount of money utilized by the districts during the last three years, the number of beneficiaries, and the number of different schemes implemented by the districts during the last five years were used to select the districts.

3. Employment Status of Scheduled Tribes

Many tribal regions in India are rich in natural resources with unique flora and fauna. A significant percentage of the tribal population living in forest-fringe villages earns its livelihood from forests and agriculture and allied activities (MoEF, 2006). It has been found that, due to poor economic conditions, tribal communities often lack access to modern agricultural techniques, improved seeds, fertilizers, and machinery, which limits their productivity and profitability in agriculture. Price fluctuations and unfair trade practices further undermine the economic viability of agricultural and forest-based activities for tribal communities. So with the changing socio-economic dynamics, there is a need for alternative livelihood opportunities in the non-agricultural sectors for tribal communities. It is well known that non-agricultural sectors offer better income potential, stability, and growth prospects as compared to agriculture and forest-based activities, which will provide better social mobility for Tribal community. As per the National Sample Surveys Enterprises Survey report (NSSO, 2018), tribal people owned only 7 per cent of Own Account Enterprises and only 1.6 per cent of Own Account Enterprises in urban areas. Majority of the tribal people (67.1 per cent) still work in the agriculture sector (Census, 2011), which

is substantially higher than the percentage of other socio-economic groups (43.7 per cent).

Figure 1: Industry of Employment by Social Groups (in per cent)



Source: National Sample Surveys, GoI, 2018

Figure 1 shows the percentage distribution of employment across India's three main industrial categories for various socio-economic groups. As shown in the Figure, most of the people of STs (67.1 per cent) are engaged in the agriculture sector. In contrast, as compared to other three social groups, the proportion of STs in high-productivity sectors like industry and services is quite low. Only 17.9 per cent are employed in the industrial sector and 15 per cent are in the services sector. Employment rate of SC population in the industrial category stands at 30.9 per cent and in services sector it is 25.5 per cent, which is quite higher as compared to that of STs. Employment in agriculture sector is the lowest among the others category (35.3 per cent) and in the services sector it is the highest (41.6 per cent). This is one of the reasons why the ST and SC population are at the bottom of socio-economic hierarchy (Kundu & Mohanan, 2009).

There are several reasons why tribals in India are comparatively less employed in the industry and services sectors in India (Mehta & Singh, 2021). Some of the key factors responsible for this are as follows: (1) Limited access to education and skills, (2) capital and infrastructure constraints, (3) Limited exposure and awareness, (4) Lack of market linkages, (5) Social and economic exclusion, and (6) Language and cultural barriers. It is also important to recognize the diverse nature of tribal communities and their unique socio-economic characteristics across India. Tailored interventions are crucial for promoting self-employment in the industrial and services sector among the tribal communities, considering their specific needs, aspirations, and cultural sensitivities.

It is noteworthy that many tribal communities have unique skills, craftsmanship and traditional knowledge that can be used for self-employment instead of looking for small jobs in the industrial and services sectors as laborers (Dagar,

2022). By engaging themselves in self-employment, tribals can preserve and promote their cultural heritage, by passing down their traditional practices to future generations. Swaminathan (2017),¹ while speaking at India's first Global Tribal Entrepreneurship Summit in Dantewada, Chhattisgarh, organized by NITI Aayog in November 2017, said that *"It is high time we respect tribal wisdom and bring tribals into mainstream development. Their invaluable knowledge will help us with innovative ideas to improve our livelihood and environmental security."* However, it is important to note that in the absence of requisite capital, limited access to financial institutions, lack of education and skills, tribals face significant barriers in setting up their own businesses and making them viable in the long run (Vinu, 2021).

If the government provides opportunities for tribal communities to generate self-employment, in many cases it will enable them to exploit their local resources in a sustainable manner and develop businesses around them. It will promote entrepreneurship and innovation while ensuring the responsible use of natural resources. Since the last few decades, efforts are being made by the government, the NGOs, and the other organizations to address these barriers and promote self-employment among the tribal communities in the industrial and services sectors. Initiatives such as skill development programmes, entrepreneurship training, access to finance, and market linkages are being implemented to empower tribal entrepreneurs and enhance their participation in these sectors. Apart from that, the government is also trying to secure and protect their land and resource rights, enabling them to sustain their traditional livelihood practices and pursue sustainable economic activities through different Acts, policies and schemes.

4. Livelihood and Employment Generation Schemes for Tribals in India

Since Independence there have been instances when the Government of India (GoI) has taken initiatives aimed at helping tribal people to generate employment and means of livelihood. The government has implemented various policies, programmes, and initiatives to address the socio-economic challenges faced by the tribal communities and create sustainable livelihood opportunities. Followings are some of the key initiatives taken by the government:

1. Tribal Sub-Plan (TSP)
2. Forest Rights Act (FRA)
3. National Rural Livelihood Mission (NRLM)
4. Integrated Tribal Development Project (ITDP)

1 Swaminathan M.S. (2017), Speaking at India's first Global Tribal Entrepreneurship Summit, convened by NITI Aayog in Dantewada, Chhattisgarh, "Your Story" (online), "Tribal Entrepreneurship is booming in India and These 8 Startups are showing the Way", retrieved from <https://yourstory.com/2017/11/tribal-entrepreneurship-india/>

5. Skill Development Initiatives
6. Tribal Cooperative Marketing Development Federation of India (TRIFED)
7. Pre & Post Matric Scholarships to ST Students
8. Development of Particularly Vulnerable Tribal Groups (PVTGs)
9. Reservation and Affirmative Action
10. Microfinance and Credit Facilities

Although the aforementioned plans have had an impact on one or more significant aspects of the tribes' overall growth, the scheme of microfinance and credit facilities to tribal communities holds significant importance due to its potential impact on empowering and uplifting the tribal entrepreneurs. Talking about the importance of microfinance and credit facilities to the tribal community, the National Scheduled Tribes Finance and Development Corporation (NSTFDC) scheme plays a significant role in the livelihood and employment generation schemes for scheduled tribes in India. Ministry of Tribal Affairs, GoI has established NSTFDC in 2001, as an apex organization that provides financial support to eligible tribal entrepreneurs, individuals, and organizations through various loan and credit-linked schemes. It aims to promote entrepreneurship and self-employment among scheduled tribes by offering them access to capital and financial assistance on subsidized rate for starting new businesses, expanding existing enterprises, or introducing innovative projects.

The NSTFDC also focuses on enhancing the skills and capacities of scheduled tribes through training and capacity building programmes. The NSTFDC works in collaboration with state governments, tribal development agencies, financial institutions, and other stakeholders to implement its schemes effectively. These partnerships help in leveraging resources, sharing expertise, and ensuring the sustainable impact of livelihood and employment generation initiatives. Overall, the NSTFDC has a crucial role to play in promoting livelihoods, entrepreneurship, and employment opportunities among the scheduled tribes in India.

5. Performance of the NSTFDC Scheme on the basis of Output/Outcome Indicators

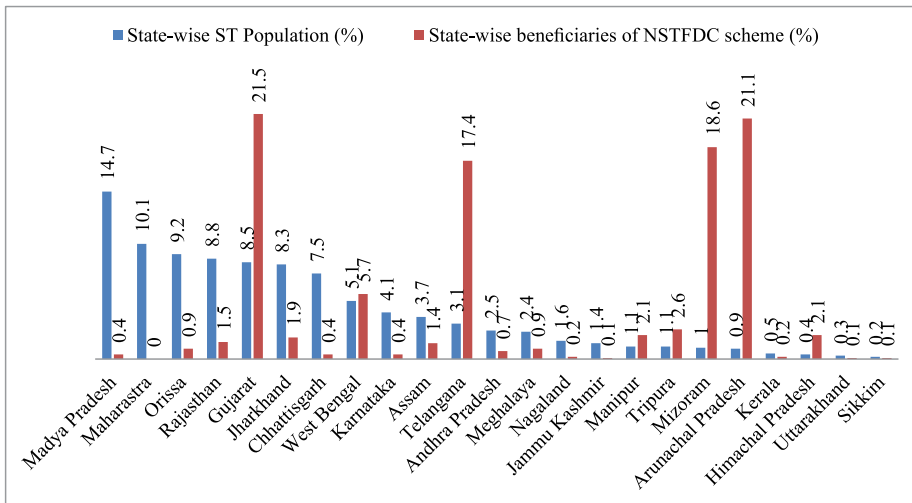
This section analyses the outcome of the National Scheduled Tribes Finance and Development Corporation's (NSTFDC) microfinance and credit-linked subsidy schemes. The NSTFDC has formulated six income generating schemes, however, as per NSTFDC, only Term Loan Schemes (TLS), Adivasi Mahila Samridhi Yojna (AMSY), Micro Credit Scheme (MCS) and Adivasi Siksha Rinn Yojna (ASRY) are functional, against which projects/loans have been sanctioned to the State Channelizing Agencies (SCAs). The overall

implementation of these schemes has been measured by the quantitative analysis of the secondary data available on the NSTFDC's and Ministry of Tribals Affairs' websites. In addition, published reports, journal papers, books, and other information available on the websites have been used to supplement the analysis. Data between the years 2014-2019 has been used for this study. The findings of data analysis have been categorized in the following sections.

5.1 Outreach of NSTFDC Scheme

As per 2011 Census, the total population of scheduled tribes (STs) in India was 10.43 crore, constituting 8.6 per cent of the total population of the country. 89.97 per cent of them live in rural areas and 10.03 per cent in urban areas. State-wise analysis of tribal data shows that the tribal population is mainly concentrated in central and north-eastern part of India. Madhya Pradesh (14.69 per cent) has the highest tribal population followed by Maharashtra (10.08 per cent), Odisha (9.2 per cent), Rajasthan (8.8 per cent), Gujarat (8.5 per cent), Jharkhand (8.3 per cent), Chhattisgarh (7.5 per cent), West Bengal (5.1 per cent), Karnataka (4.1 per cent), and Assam (3.7 per cent). Combinedly, these ten states have about 80 per cent of the country's tribal population (Figure 2).

Figure 2: State-wise ST Population and Distribution of NSTFDC Beneficiaries (%)



Source: NSTFDC, 2019

But, if we analyse the state-wise NSTFDC beneficiaries' data, it can be observed that only 34.1 per cent of the total beneficiaries are from these 10 big tribal states. Therefore, it can be said that the distribution of NSTFDC loans is very much skewed. Most of the big states are out of this scheme. For example, Madhya Pradesh has 14.7 per cent of the tribal population but percentage of NSTFDC beneficiaries to the total beneficiaries is only 0.4 per cent. Similarly,

Maharashtra has 10.1 per cent of tribal population but there is no distribution of NSTFDC loan to the tribal population. Same situation is prevailing in Rajasthan, Jharkhand, and Chhattisgarh as these states are taking very less amount of loans in proportion to the number of their tribal people. On the other hand, Arunachal Pradesh has only 0.9 per cent of the country's tribal population whereas, 21 per cent of the NSTFDC beneficiaries are located in this state. Similarly, Mizoram has 1 per cent of tribal population and has 18.4 per cent of loan beneficiaries.

5.2 Budgetary Allocation and Expenditure Pattern of the Scheme

As per the data provided by the Ministry of Tribal Affairs, the Budget Estimates, Revised Estimates and Actual Expenditure of NSTFDC and STFDCs for the last five years is presented in Table 1. During the last five years, Ministry of Tribal Affairs has provided Rs. 270.905 crores in equity support to NSTFDC and 42.425 crores to STFDCs. According to NSTFDC, the corporation has utilized Rs. 270.905 crores out of Rs. 270.905 crores equity support provided by MoTA during the last five years, which is 100 per cent utilization (Table 1).

Table 1: Fund Released by MoTA to NSTFDC and STFDCs (in Rs. crore)

Year	Budget Estimate (BE)*	Revised Estimate (RE)	Expenditure		
			NSTFDC	STFDCs	Total
2014-15	70.00	70.00	41.00	29.00	70.00
2015-16	70.00	63.33	63.11	0.2250	63.33
2016-17	70.00	60.00	60.00	0.00	60.00
2017-18	60.00	55.00	49.80	5.20	55.00
2018-19	65.00	65.00	57.00	8.00	65.00
Total	335	313.33	270.91	42.425	313.33

*BE is not bifurcated between NSTFDC & STFDC.

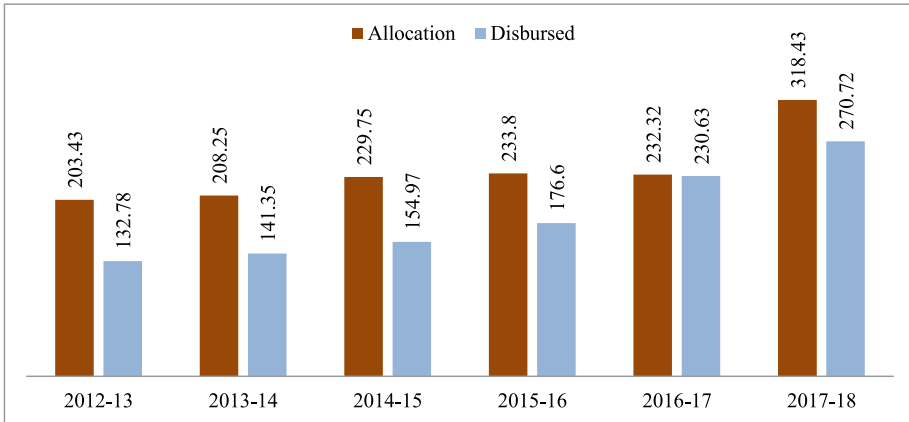
Source: NSTFDC, 2019

5.3 Loan Distributed by NSTFDC to STFDC

Figure 3 describes the total sanction and disbursement of NSTFDC funds to the SCAs for implementing NSTFDC schemes in their respective states. It is important to note that the overall sanction of fund from NSTFDC to SCAs is almost constant from 2014-15 to 2017-18. Data also revealed that the actual sanction of NSTFDC funds was also low till 2015-16. But, after that, the sanction of funds has increased in the next financial years and has reached up to 99.27 per cent in 2016-17. During 2017-18, for the first time, the sanction figure crossed 300 crores (Figure 3). However, during this financial year once again NSTFDC saw a decline in the disbursement of funds to the STFDCs. This may be because the disbursement figure was compiled on 31st March, 2018.

Here, it is important to mention that NSTFDC schemes are demand driven. As many of the channelizing agencies are having difficulty in identifying sufficient number of eligible prospective beneficiaries, separate proposals with requests for disbursement are not being received by NSTFDC (Singh & Sarkar, 2019). It can be said that there may be a small increase in the demand for loan from states' side. Therefore, SCAs needs to become proactive and use the funds allocated for the purpose.

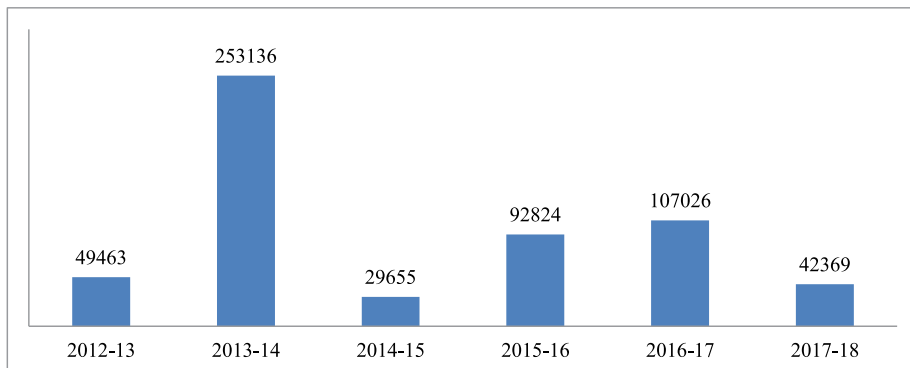
Figure 3: Loan Distributed by NSTFDC for Income Generating Schemes (in Rs. Crores)



Source: NSTFDC, 2019

5.4 Number of NSTFDC Beneficiaries

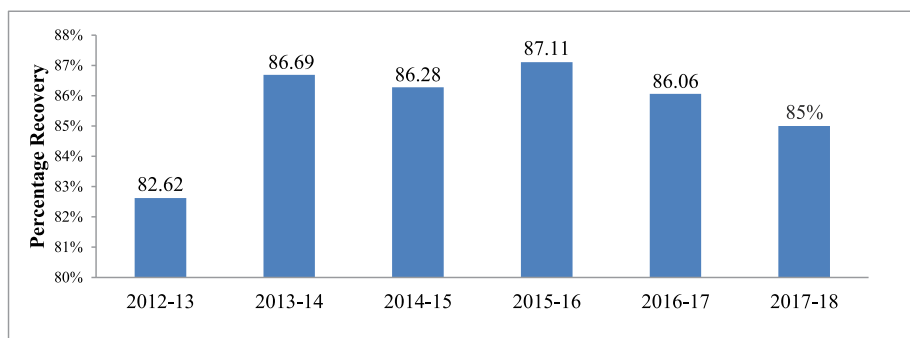
If we talk about the number of beneficiaries, in the last 5 years there have been major ups and downs in the number of beneficiaries. In 2012-13, the corporation disbursed loans to 49,463 beneficiaries across India (Figure 4). Next year the number of beneficiaries increased to 2,53,136, which is 500 per cent higher than the previous year. The disbursement during the year 2013-14 is the highest in the span of 2012 to 2017. Nevertheless, during the fiscal year 2014-15, the number of beneficiaries decreased to 29,655, experiencing a significant decline of 800 per cent from the count in 2013-14.. If NSFDC fails to augment the number of beneficiaries in the upcoming years, the very purpose of this scheme will be negated.

Figure 4: No. of NSTFDC Beneficiaries of Income Generating Schemes

Source: NSTFDC, 2019

5.5 Status of Loan Recovery

The sustainability of these income generating schemes is very much dependent on loan recovery from the SCAs as it determines the refinancing capacity of NSTFDC. The amount of cumulative loan recovery by NSTFDC in 2012-13 was Rs. 82.62 per cent, and it increased upto 86.69 per cent in 2013-14. In the subsequent fiscal year, there was a marginal decrease, bringing the rate down to 86.28 per cent. When examining the loan recovery data across the years 2013 to 2018, it becomes evident that they consistently remain around the 86 per cent mark. Taking into account the socio-economic conditions of the tribal community, this achievement can be seen as praiseworthy. (Figure 5).

Figure 5: Year-wise Cumulative Recovery Percentage

Source: NSTFDC, 2019

The state-wise cumulative loan recovery from SCAs during 2012-13 and 2017-18 has been given in the Figure 5. As seen in Table 2, the recovery percentage of loans was found to be lowest in the Northeastern states. For example, till January, 2018, Arunachal Pradesh Cooperative Apex Bank Ltd. has repaid only 47.11 per cent of the loan amount, followed by Tripura Scheduled Tribes Co-

operative Development Corporation (71.88 per cent), Mizoram Khadi & Village Industries Board (72.83 per cent), and Nagaland State Cooperative Bank Ltd. (79.59 per cent). However, seven SCAs have made 100 per cent repayment against their loans which were: Kerala SDCSCST Ltd., Manipur Tribal Development Corporation Ltd., Meghalaya State Cooperative Apex Bank Ltd., Uttarakhand Bahudeshiya Vitta Evam Vikas Nigam, Stree Nidhi Credit Co-operative Federation Ltd., West Bengal SCs & STs Development & Finance Corporation, and West Bengal Tribal Development Cooperative Corporation Ltd. Apart from this, 7 SCAs have repaid more than 95 per cent of their loan amount. If we exclude Northeastern states, then loan repayment of other states is quite satisfactory.

Table 2: Repayment Status (in %)

State	Repayment started	Repayment not started	Fully paid	Loan waived off
Arunachal Pradesh	81.16	15.22	3.62	0.00
Chhattisgarh	80.00	1.82	18.18	0.00
Goa	15.00	5.00	80.00	0.00
Gujarat	50.00	40.63	9.38	0.00
Himachal Pradesh	84.62	7.69	7.69	0.00
Jharkhand	69.09	23.64	7.27	0.00
Karnataka	1.71	95.73	0.00	2.56
Kerala	87.18	5.13	7.69	0.00
Maharashtra	49.37	41.77	8.86	0.00
Meghalaya	40.00	23.33	36.67	0.00
Nagaland	0.00	100.00	0.00	0.00
Rajasthan	52.43	27.72	7.12	12.73
Sikkim	89.66	0.00	10.34	0.00
Tripura	79.57	14.70	3.58	2.15
Uttarakhand	70.59	23.53	5.88	0.00
Overall	61.21	27.24	7.97	3.57

Source: NSTFDC, 2019

6. Results and Discussions

In this section the impact of the Term Loan Scheme (TLS) at the grass-roots level is evaluated through a qualitative analysis of primary data collected during the field survey. It looks into the response of NSTFDC's Term Loan Scheme users. The TLS is designed to provide financial assistance to entrepreneurs belonging to Scheduled Tribes for setting up new ventures or expanding the existing ones. The scheme offers term loans to individuals, groups, self-help

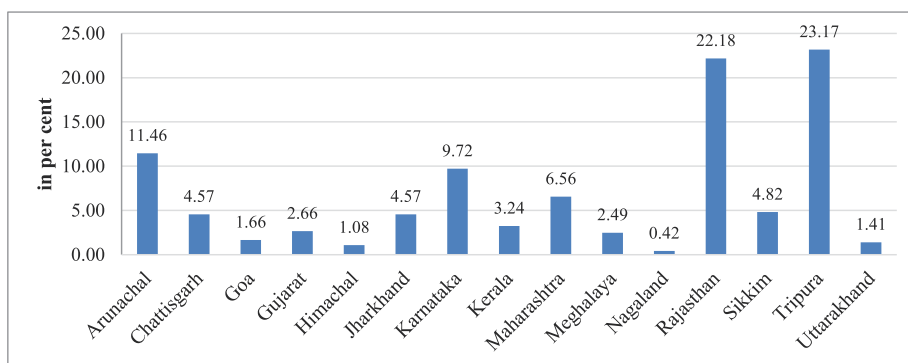
groups (SHGs), tribal cooperative societies, and other eligible entities. In the TLS scheme, loans are provided up to 90 per cent of the project cost. The remaining balance is covered by contributions, subsidies, and margin-money loans from beneficiaries. The interest rates for this scheme range from 6 to 10 per cent, depending on the size of loan. The results of the data analysis are presented in the following sub-sections.

6.1 Coverage of Beneficiaries

A total of 1,204 beneficiaries were surveyed from 15 states during the field survey. The sample size from each state was decided based on the number of beneficiaries benefitted under the scheme up to 2018-19. A list of beneficiaries obtained from the State Channelizing Agencies (SCAs) in the covered states was used as the basis of sampling distribution.

Majority of the beneficiaries covered under the study were from Tripura, standing at 23.17 per cent or 279 in number, followed by Rajasthan at 22.18 per cent or 267 in number (Figure 6).

Figure 6: Beneficiary Distribution



The vast majority of the sample beneficiaries (85.71 per cent or 1,032) lived in rural areas, while 12.79 per cent or 154 beneficiaries lived in urban areas. During the survey, only 28.41 per cent of the beneficiaries were found to be women. The main reason for this is that TLS places a greater emphasis on financing tractors, commercial vehicles, and kirana shops, all of which are mainly dominated by men. About 8 per cent of the beneficiaries had primary education, 22.84 per cent had middle school education, 23.83 per cent had studied up to high school, and 12.7 per cent had completed school. About 12 per cent of the beneficiaries were graduates and a total of 13.3 per cent of the beneficiaries did not have any formal education.

6.2 Loan Approval Time

The study analyzed the number of months it took from the submission of the loan application to NSTFDC to the actual sanction of the loan. For this, beneficiaries

were asked about the time of delay in sanction of loan. The average amount of time between submissions of applications to sanction of loans was found to be between 4 to 6 months. The least average loan sanctioning time reported by beneficiaries was in Nagaland (1-2 months), while in Maharashtra, Tripura, and Uttarakhand, on an average, it took more than 6 months for actual sanction of the loan (Table 3).

Table 3: Time taken for Loan Sanction

Months	States
1-2 month	Nagaland
2-4 months	Kerala, Meghalaya
4-6 months	Arunachal Pradesh, Gujarat, Himachal Pradesh, Jharkhand, Karnataka, Rajasthan, Sikkim
More than 6 months	Goa, Chhattisgarh, Maharashtra, Tripura, and Uttarakhand

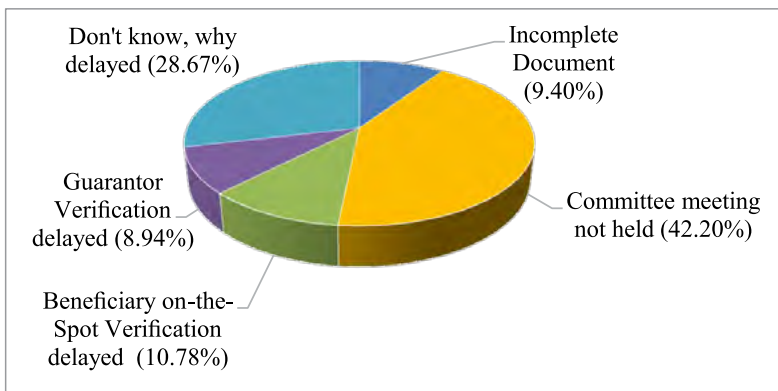
Source: Field Survey, 2018-19

6.3 Reasons for delay in sanctioning of Loan

It was further attempted to know the reasons for the delay in loan sanctioning from the sample beneficiaries. The most common reason turned out to be the loan committee meeting not being held, about 42.20 per cent of the 436 beneficiaries reported cases of problems faced during loan sanctioning.

Delays in on-the-spot verification of beneficiary and guarantor together contributed around 20 per cent of delay in loan sanctioning. It was also found that around 29 per cent of the sample beneficiaries did not know the reason for the delay. In terms of reported reasons across states, incomplete documents were found to be a major problem in Chhattisgarh and Rajasthan. Committee meeting not being held turned out to be the most prevalent reason in Arunachal Pradesh, Chhattisgarh, Goa, Gujarat, Jharkhand, Rajasthan, Sikkim, and Uttarakhand. It was also found to be a major problem in Himachal Pradesh (Figure 7).

Figure 7: Reasons for delay in loan sanction (%)



Delay in on-the-spot verification of beneficiary was found to be a major problem in Himachal Pradesh, Jharkhand, and Rajasthan, while delay in guarantor verification was found to be a major problem in Jharkhand, Rajasthan, Sikkim, and Tripura. Of the 436 cases reported for the reason of delay in loan sanctioning, 34 per cent were from Rajasthan, followed by 13.76 per cent from Tripura and 12.39 per cent cases from Jharkhand.

6.4 Delay in disbursement of Loan

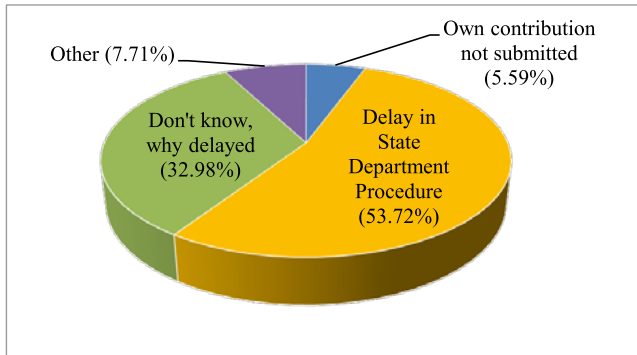
One of the primary rationales of the NSTFDC loan scheme is to provide timely financial support to individuals from the scheduled tribes. Delays in loan disbursement can hinder the beneficiaries' ability to seize business opportunities, to start new ventures, or to address immediate financial needs. Timeliness is crucial for ensuring that the loan serves its intended purpose and assists beneficiaries when they need it the most. The study also attempted to analyze the delay in disbursement of loans and the reasons for it (Table 4 & Figure 8). It was observed that the overall average amount of time in the disbursement of loans across states was between 2 to 4 months. States that showed maximum delay in disbursement of loans were found to be Goa and Uttarakhand, followed by Karnataka and Maharashtra. The average loan disbursement time in Gujarat, Jharkhand, Rajasthan, and Tripura was found to be 2 to 4 months. States with minimum delay in loan disbursement were Himachal Pradesh and Meghalaya, with loans disbursed within less than a month. The average loan disbursement time in Arunachal Pradesh, Chhattisgarh, Nagaland, and Sikkim was found to be 1-2 months.

Table 4: Delay in Disbursement of Loan

Months	States
Less than one month	Kerala, Himachal Pradesh, Meghalaya
1-2 months	Arunachal Pradesh, Chhattisgarh, Sikkim
2-4 months	Gujarat, Jharkhand, Rajasthan, Tripura
4-6 months	Karnataka, Maharashtra
More than 6 months	Goa, Uttarakhand

Source: Field Survey, 2018-19

The study also attempted to analyze the reasons for the delay in disbursement of loans. The biggest contributor in the delay was found to be 'Delay in State Department Procedure' with 53.72 per cent of the reported cases. It was followed by 32.98 per cent not knowing the reason for delay in loan disbursement and 7.71 per cent stated other reasons. About 5.59 per cent of the beneficiaries stated that they were not able to submit their own contribution on time which causes a delay in the disbursement of their loans.

Figure 8: Reasons for Delay in Disbursal of Loans (%)

6.5 Purpose for which Loan was taken

The study found that overall, 67.35 per cent of the sample beneficiaries took term loans from NSTFDC to start a new business, 19.6 per cent took loans to expand their already existing businesses, and 13 per cent took loans for other activities (Table 5). The analysis indicated an entrepreneurial zeal in the beneficiaries taking loans under the Term loan scheme from NSTFDC. In five states, at least 80 per cent of the beneficiaries took loans to start a new business. Proportions of loans taken to expand the already existing business were highest in Himachal Pradesh at 46.15 per cent, followed by Sikkim with 41.38 per cent, and Nagaland, Kerala, and Meghalaya at 40 per cent, 33.33 per cent and 33.33 per cent respectively. It was also found that 96.58 per cent of loans in Karnataka were taken for other activities.

Figure 9 depicts the type of activities for which loans were taken in percentages (%). About 19.15 per cent of the beneficiaries took loans for grocery shops. After this, they took loans for commercial vehicles (13.19 per cent), dairy (9.12 per cent), borewell construction (8.63 per cent), farming (4.77 per cent), poultry farm (4.03 per cent) and opening hotels (3.29 per cent). Apart from this, more than 37 per cent of people took loans for other activities.

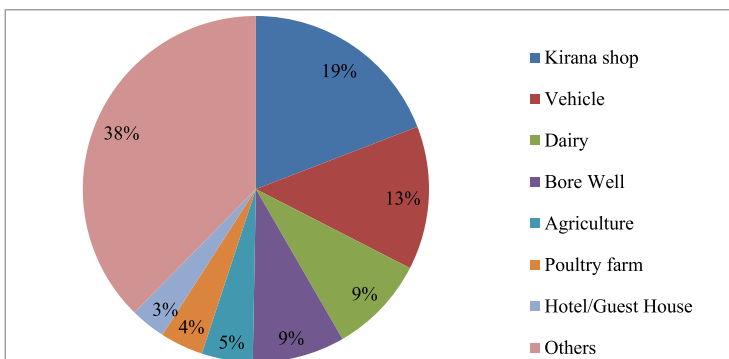
Figure 9: Loan taken for Types of Activities (in %)

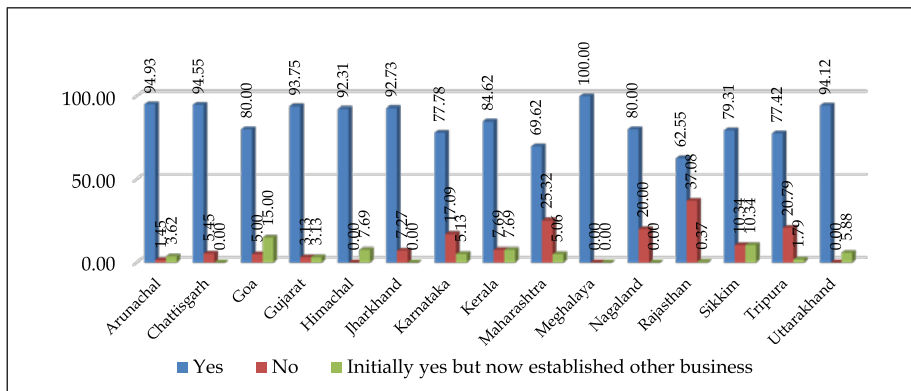
Table 5: Purpose of Taking Loan

State	New Business	Expansion	Other
Arunachal Pradesh	75.36	24.64	0.00
Chhattisgarh	80.00	12.73	7.27
Goa	85.00	15.00	0.00
Gujarat	84.38	6.25	9.38
Himachal Pradesh	53.85	46.15	0.00
Jharkhand	76.36	16.36	7.27
Karnataka	2.56	0.85	96.58
Kerala	66.67	33.33	0.00
Maharashtra	73.42	22.78	3.80
Meghalaya	66.67	33.33	0.00
Nagaland	60.00	40.00	0.00
Rajasthan	84.27	12.36	3.37
Sikkim	56.90	41.38	1.72
Tripura	66.67	26.16	7.17
Uttarakhand	94.12	5.88	0.00
Overall	67.36	19.60	13.04

Source: Field Survey, 2018-19

6.6 Utilization of Loan

Proper utilization of loans ensures that the funds are used effectively and efficiently, maximizing the benefits for the beneficiaries. By using the funds for the intended purpose, such as starting a business, expanding an existing enterprise, or acquiring assets, the beneficiaries can make the most of the loan and achieve their economic and developmental goals. It was found that 78.90 per cent of the sample beneficiaries utilized the loan taken for the purpose they had taken the loan, while 2.99 per cent initially utilized the loan for the purpose intended during the granting of the loan, but later changed the utilization area. 18.11 per cent of the loans were not utilized for the purpose intended. Across states, 100 per cent applicants from Meghalaya utilized the loans for the purpose they intended for, while taking the loan (Figure 10). Over 94 per cent of the applicants from Arunachal Pradesh, Chhattisgarh, and Uttarakhand utilized the loans for the purpose they intended for, while taking the loan.

Figure 10: Utilization of Loan for the Purpose Intended Initially (%)

6.7 Repayment of Loan

The repayment of loans is crucial for any loan scheme, including the National Scheduled Tribes Finance and Development Corporation scheme. Loan repayment ensures the sustainability of the NSTFDC scheme. When borrowers repay their loans on time, funds are returned to the NSTFDC, allowing them to provide financial assistance to more individuals or groups from the scheduled tribes in the future. The study found that about 61.21 per cent of the beneficiaries had started paying back their loan, while 7.97 per cent had fully paid off their loan. About 27.24 per cent of the beneficiaries did not start the loan repayment and about 3.57 per cent reported their loan has been waived off (Table 6).

Cases of not repaying loans under the pretext of loan forgiveness by the state government have been found in Rajasthan, Karnataka, and Tripura. For instance, during the election campaign in 2018, the incumbent Government pledged to waive loans of up to Rs 2 lakh for SC/ST entrepreneurs (The Economic Times , 2018). As a result, a significant number of financially disadvantaged tribals stopped making loan repayments. Similarly, in 2018, Karnataka Government announced a Loan waiver of Rs 25,000 for farmers with borrowings below Rs 2 lakh. Pointing to this government decision, approximately 2.56 per cent of individuals indicated that they had been granted an exemption from loan repayment (Karnataka Crop Loan Waiver Scheme, 2018).

Table 6: Loan Repayment Status

State	Repayment started	Repayment not started	Fully paid	Loan waived off
Arunachal Pradesh	81.16	15.22	3.62	0.00
Chhattisgarh	80.00	1.82	18.18	0.00
Goa	15.00	5.00	80.00	0.00
Gujarat	50.00	40.63	9.38	0.00

Himachal Pradesh	84.62	7.69	7.69	0.00
Jharkhand	69.09	23.64	7.27	0.00
Karnataka	1.71	95.73	0.00	2.56
Kerala	87.18	5.13	7.69	0.00
Maharashtra	49.37	41.77	8.86	0.00
Meghalaya	40.00	23.33	36.67	0.00
Nagaland	0.00	100.00	0.00	0.00
Rajasthan	52.43	27.72	7.12	12.73
Sikkim	89.66	0.00	10.34	0.00
Tripura	79.57	14.70	3.58	2.15
Uttarakhand	70.59	23.53	5.88	0.00
Overall	61.21	27.24	7.97	3.57

Source: Field Survey, 2018-19

In Nagaland, 60 per cent of the beneficiaries had not received loans when the survey was conducted. This is why the non-repayment rate was highest in Nagaland, followed by Karnataka at about 95.73 per cent.

Across states, 89.66 per cent of the beneficiaries in Sikkim had started paying back their loan. The figure was more than 80 per cent in the case of Arunachal Pradesh, Himachal Pradesh, and Kerala. Non-repayment of loans was highest in Nagaland at 100.00 per cent followed by Karnataka (95.73 per cent).

6.8 Changes in Income: Shift across Poverty Line

One of the primary purposes of the NSTFDC term loan scheme is to improve the socio-economic status of the tribal population. The scheme aims to address the economic disparities and uplift the socio-economic conditions of individuals belonging to scheduled tribes by providing them with access to financial resources and opportunities for development.

Here's how the NSTFDC term loan scheme contributes to improving the socio-economic status of the tribal population.

In rural areas, 381 sample beneficiaries were below the poverty line before opting for the loan from NSTFDC. After taking the loan, 357 of the above mentioned moved over the poverty line of Rs 49,000. In urban areas, 172 beneficiaries were living below the poverty line before taking the loan. Around 152 people moved above the poverty line of Rs 60,000 set for urban areas and semi-urban areas after opting for NSTFDC loan.

Table 7: Changes in Income Slabs After Taking NSTFDC Term Loan (%)

Income Slab	No. of Tribals before taking loan	No. of Tribals after taking loan	% of Tribals before taking loan	% of Tribals after taking loan (%)
No Income	44	5	3.65	0.42
Below 50 Thousand	455	39	37.79	3.24
50 Thousand to 1 lakh	357	207	29.65	17.19
1Lakh to 1.5 lakh	205	257	17.03	21.35
1.5 Lakh to 2 Lakh	79	212	6.56	17.61
2 Lakh to 2.5 Lakh	38	164	3.16	13.62
2.5 Lakh 3 Lakh	10	92	0.83	7.64
Above 3 Lakh	16	228	1.33	18.94
Total	1204	1204	100.00	100.00

Source: Field Survey, 2018-19

Before applying for loans from NSTFDC, 3.65 per cent of the beneficiaries had no income. After getting the loan, this number reduced to 0.42 per cent. About 38 per cent of the beneficiaries earned less than Rs. 50,000 per month before receiving the loan. This figure decreased to 3.24 per cent after they got the loan. This implies that around 34 per cent of people's income crossed Rs. 50,000 annually after taking the loan. Over 29 per cent of beneficiaries earned between Rs. 50,000 and 1 lakh before borrowing, which decreased to 17.19 per cent after obtaining the loan. Encouragingly, there was a noticeable rise in the tribal population earning over 1 lakh per year. Approximately 17 per cent earned between Rs. 1 lakh and 1.5 lakhs, and this increased to 21.35 per cent after the loan. Those earning between Rs. 1.5 lakhs and 2 lakhs increased from 5.65 per cent to 17.61 per cent post-loan. Similarly, the percentage of beneficiaries earning between Rs. 2 lakhs to 2.5 lakhs rose from about 3 per cent to 13.62 per cent after obtaining the loan. In the category of those earning between Rs. 2.5 lakhs to 3 lakhs, the figure increased from under 1 per cent to 7.64 per cent post-loan. The most significant growth was seen in beneficiaries earning over 3 lakhs, with the percentage increasing from 1.33 per cent to 18.94 per cent. (Table 7).

6.9 Changes in Quality of Life

The research aimed to delve into the transformations in the lives of beneficiaries subsequent to availing loans from NSTFDC. The findings revealed several noteworthy shifts. A substantial 75.83 per cent of the beneficiaries noted a perceivable rise in their household income, indicating an evident financial improvement. Concurrently, around 61.21 per cent observed a noticeable enhancement in their standard of living, suggesting that the loans positively impacted their overall quality of life.

Moreover, the scheme exhibited an influence on other pivotal facets as well. More than 37 per cent of beneficiaries believed that the scheme facilitated their children's education by aiding in their school enrollment, contributing to improved educational opportunities. Furthermore, 47.92 per cent of beneficiaries experienced an upliftment in their social standing, underlining the positive societal implications of the loan assistance. On the other hand, a segment comprising 14.37 per cent of the beneficiaries expressed that there were no noticeable changes in their circumstances subsequent to taking the loan. This comprehensive analysis underscores the multifaceted impacts of the NSTFDC loan scheme on the lives of its beneficiaries.

Table 8: What Aspects of Life has Changed after Getting Loan

Socio-economic Aspect	Percentage
Household income improved	75.83
Standard of living improved	61.21
Sending children to Schools	37.46
Availing health facility	28.49
Improved Social Status	47.92
Nothing changed	14.37

Source: Field Survey, 2018-19

7. Conclusion and Suggestions

The present study found NSTFDC scheme successful to some extent in providing livelihood opportunities to the Scheduled Tribe through three income generating schemes (TLS, AMSY and MCS). However, certain steps need to be taken to enhance the effective implementation of the scheme.

Providing financial assistance for self-employment to only 40-50 thousand people out of 10 crore tribals does little for their development. NSTFDC and SCAs must increase the number of beneficiaries under Adivasi Mahila Shiksha Rrinn Yojana, Adivasi Mahila Sashaktikaran Yojana and Micro Credit Scheme.

The NSTFDC has set up six income generating schemes. However, as per the data, only TLS, AMSY, MCS and ASRY are operational and loans have been sanctioned only for these four projects. Two other schemes should be implemented by NSTFDC at the earliest.

The Ministry of Tribal Affairs should allocate more funds for the income generating scheme of the NSTFDC. Data show that budgetary allocation to NSTFDC by MoTA has been almost constant during the 2012 to 2019. At the same time, in Revised Estimates (RE), even this amount has been reduced by the Government. Funds made available to NSTFDC need to be increased. For the last four years, NSTFDC has fully utilized its allocated funds, therefore, GoI/MoTA should increase BE as well as RE.

The loan recovery mechanism of SCAs is disorganized in most of the states. Loan recovery from beneficiaries is less than 25 per cent in states like Chhattisgarh, Jharkhand, and Himachal Pradesh. In fact, poor recovery percentage of District Channelizing Agencies (DCAs) is one of the main reasons for State Channelizing Agencies (SCAs) becoming Non Profitable Agencies. As a result, SCAs are reluctant to avail more funds from NSTFDC.

The research looked at how loans are given out and found that complicated processes make the work for District Channelizing Agencies harder. It also discourages tribals who really need loans at concessional rates. Since the loan disbursement process is cumbersome and requires a lot of paperwork, many needy tribals do not approach government agencies. Therefore, the study suggests simplification of the way loans are sanctioned and disbursed by the National Scheduled Tribes Finance and Development Corporation (NSTFDC). This will help the organization to work better and it will also become easier for tribal communities to get loans. This will encourage them and help them become financially strong.

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