

Financial Inclusion of The Differently-abled

P C Das



...financial inclusion in fact is key for any planning towards building inclusive society where the disadvantaged segment of the society is assured of financial and social security

The Constitution of India acknowledges the significance of work and employment in Article 39 of the Directive Principles which mandated the State to ensure that the citizen, both men and women equally, have the right to an adequate means of livelihood. Also, Article 41 requires that the state shall, within the limits of its economic capacity and development, make effective provision for securing the right to work and Article 42 requires that the states shall make provisions for securing just and humane conditions of work. Primarily, here we would talk about Persons with Disabilities (PwDs)

PwD means a person suffering from not less than 40 per cent of any defined disability as certified by a Medical Authority. The Government of India has enacted 3 legislations for PwDs to provide equal opportunities including their socio-economic inclusion in the society namely (i) Rehabilitation Council of India Act'1992, (ii) PwDs Act'1995 and (iii) National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disability Act,1995. Also, UN Convention on the Rights of Persons with Disabilities 2006 (UNCRPD) ratified by India in 2008 emphasizes on full and effective participation of

PwDs in Society on an equal basis with others. Similarly, National Policy for PwDs', 2006 recognizes PwDs as a valuable human resource and seeks to create equal opportunities for a dignified life in society. It mandates an inclusive society for all.

As per 2011 Census, there are 26.8 million Persons with Disabilities in India. 14.99 million are males and 11.82 million are females with disabilities. It may be seen that 18.63 million PwDs reside in rural areas while 8.18 million reside in urban areas. As per the data available, about 13.4 million (8.8 million in rural India and 4.6 million in urban India) PwDs are in employable age group. Out of this 13.4 million PwDs in employable age group, 7.8 million are male and 5.6 million are females. Also, out of the total PwD population, 14.6 million are literate. It shows that PwDs is a large pool of human resource whose potential to contribute towards the economy of the country cannot be ignored.

Financial inclusion is the availability of financial services and various financial products at affordable cost to the disadvantaged segment of the society. This includes banking products and financial services like insurance, pensions and loans for various purposes. Financial inclusion, in fact, is the key for any planning towards

The author is Chairman-cum-Managing Director, National Handicapped Finance and Development Corporation.

building an inclusive society where the disadvantaged segment of the society is assured of financial and social security. The Government of India has recognized the importance of financial inclusion and is stressing on the need of financial inclusion for all. Policies like Jan Dhan Yojana, Health Insurance for poor, Mudra loans etc. are the National Priority Programmes.

Financial inclusion also helps in socio-welfare programmes of the Government. Since, financial inclusion will result in payment processes getting simplified and convenient at reduced cost, the process gets transparent and avoids duplicacy of beneficiaries.

PwD: The Financially Excluded

The PwDs, in fact, may be more appropriate to be classified amongst most disadvantaged sections of the society, being poorest of the poor. It is a fact that disability is inter-related with poverty as it is more likely to find more occurrences of PwDs in poverty. Also, the poor section of the society is more likely to be disabled. The situation worsens in case of women with disability. The financial inclusion of PwDs is, therefore, more important as well as challenging than other disadvantaged sections because of associated difficulties like low mobility, physical barriers, low level of education about financial products and scattered population of PwDs being an hindrance in forming exclusive SHGs.

In view of the difficulties of PwDs to access financial assistance/credit for self employment and education, the Government of India set-up National Handicapped Finance and Development Corporation (NHFD) on 24th January 1997 with an authorized share capital of Rs.400 crore. The company is registered under section 25 of the Companies Act, 1956 (Section 8 of Companies Act 2013) as a company not for profit.

NHFD considers concessional loans to Indian Citizens with 40 per cent or more disability and age above 18 years. There is no upper age limit

for PwDs to avail concessional loans from NHFD. Mainly, the schemes and programmes of the corporation can be classified as (i) credit based activity where concessional loans are extended to PwDs and (ii) non-credit based activity where grants are provided to PwDs.

Credit Based :

- a. **Self Employment Loans :** Here, concessional loan upto Rs.25 lakhs is provided to a PwD for starting a self employment venture at an interest rate of 5 - 8 per cent based on the loan amount. The loan can be repaid within a maximum repayment period of 10 years.
- b. **Education Loan :** The highly concessional education loan is provided to motivate student

The financial inclusion of PwDs is, therefore, more important as well as challenging than other disadvantaged sections because of associated difficulties like low mobility, physical barriers, low level of education about financial products and scattered population of PwDs being an hindrance in forming exclusive SHGs.

PwDs for pursuing higher studies at an interest rate of 4 per cent p.a. only. An amount of upto Rs.10 lakhs for studies in India and upto Rs.20 lakhs for studies abroad can be availed by differently-abled students. The loan can be repaid within a maximum repayment period of 7 years. The repayment of loan starts one year after completion of the course or six months after securing a jobs, whichever is earlier.

- c. **Micro Finance :** The purpose of this loan is to provide financial assistance to weaker sections of the PwD population for

starting or augmenting income generation activities. The scheme is mainly implemented through the NGOs. An NGO can avail a loan upto Rs.10 lakhs for further disbursement to PwDs and a PwD can avail a maximum of Rs.50,000/- as a micro finance loan. As such, one NGO can assist 20 PwDs. The rate of interest is upto 5 per cent p.a. only. The loan is to be repaid within a maximum repayment period of 3 years.

Non-Credit Based :

- i. **Skill Training of PwD :** Under the scheme, NHFD provides grants for the skill training of PwDs. Also, a stipend of Rs. 2000/- per month is provided to the PwD trainees during the training.
- ii. **Scholarship Schemes:** The Ministry has entrusted NHFD with the work of administering scholarship schemes to PwDs. At present, NHFD is administering Trust Fund Scholarship Scheme for 2500 differently abled students for pursuing technical and professional courses.

NHFD functions through 36 State Government nominated state channelizing agencies (SCAs). NHFD has also tied up with 5 Public Sector Banks (PSBs) and 18 Regional Rural Banks (RRBs) to facilitate concessional loans to PwDs. Performance of the corporation may be judged from the fact that it is achieving excellent rating since the last four financial years and is expected to achieve the same for 2015-16 also.

- i. **Loan Disbursement :** NHFD has so far released Rs.694.29 crores since inception to till date for the benefit of 1.26 lakh PwDs under its loan schemes.
- ii. **Skill Training :** The Corporation has already sanctioned a grant assistance to the tune of Rs. 46.21 cr. for skill development

training of 36616 Persons with Disabilities till date. For the financial year 2015-16, NHFDC had set a target of facilitating skill training of 17000 – 20000 PwDs.

iii. **Scholarship**: Under Scholarship Scheme of Trust Fund, NHFDC has released Rs.47.94 crore (starting from 2011-12 to till date) for pursuing technical and professional courses, covering 7117 Fresh and 1097 Renewal cases.

Under Scholarship Scheme of National Fund, NHFDC has released Rs.3.51 crore (starting from 2009-10 to till date) for pursuing technical and professional courses, covering 2827 Fresh and 101 Renewal cases.

To speed up the implementation of NHFDC concessional credit, NHFDC in consultation with the corporation has planned the following major steps for future expansion of the corporation and to enhance the Financial Inclusion of more number of PwDs :

i. **Backend Subsidy Scheme**: The Corporation, in consultation with Department of Empowerment of PwDs has planned to introduce a backend subsidy under the loan of NHFDC. The PwDs will be able to get benefit of upto 35 per cent of loan availed as backend

subsidy if approved by Govt. of India.

ii. **Tie – up with Banking channel**: NHFDC has started to enhance its reach by signing agreements with various banks so that concessional loan can be taken by the PwDs through the branches of the partner banks. NHFDC has already signed agreements with 5 Public Sector Banks (Punjab National Bank, Andhra Bank, IDBI Bank, Bank of Baroda, State Bank of Hyderabad). Besides PSBs, NHFDC has also signed agreement with 18 Regional Rural Banks in few states (UP, MP, Uttrakhand, Gujarat, Haryana, Maharashtra and Assam).

iii. **Tie-up with NBFC-MFI's**: NBFC-MFI are better suited to connect to PwDs having presence in even remote rural areas and unserved urban pockets. NHFDC has taken-up with RBI for relaxation of certain norms for smooth tie-up with various NBFC-MFI's for flow of concessional credit to PwDs through these entities.

iv. **Job Portal for PwDs**: NHFDC, in consultation with the Department of Empowerment of PwDs, GoI has developed a unique Job Portal for PwDs which provides opportunities of Job,

Self employment loan, Education Loan, free of cost skill training etc from a single platform. The job portal was formally launched on 27.1.2016. This will be a major step in faster inclusion of PwDs in the financial set-up by providing easy access to various financial products to PwDs.

The Government of India has made some important decisions which will be very beneficial in the long run for Financial Inclusion and overall welfare of the PwD's through Department of Empowerment of PwD's.

- Inclusion of PwD's in Priority Sector Lending by Banks under 10 per cent weaker section Target.
- Introduction of Swavlamban Health Scheme for PwD's at little over Rs 350 per year.
- Pre metric & Post-metric Scholarship for PwD's.
- Scholarship for top class higher education to students with disabilities.
- Launch of Accessible India Campaign.
- Launch of National Action Plan for Skill Training of PwD's. □

(E-mail: das.pcd.pareshchandra@gmail.com)

J&K WINDOW

SPECIAL INDUSTRY INITIATIVE FOR J&K UDAAN EXTENDED

The Scheme "Special Industry Initiative for J&K" (SII J&K) Udaan whose initial time period was upto 2015-16, will now be extended till 2019-20. Udaan is a national integration scheme with the goal to mainstream J&K youth with rest of the country. The scheme not only provides skill enhancement and job opportunity but also leads to counter – radicalization and weaning away youth of J&K from militancy.

Udaan provides exposure to the youth of J&K to the best of corporate India and corporate India to the rich talent pool available in the State. So far, 67 leading corporates have partnered with National Skill Development Corporation (NSDC) under UDAAN with a commitment to train youth from the State covering Organized Retail, Banking, Financial Services, IT, ITES, Infrastructure, Hospitality etc. More than 19,000 candidates have been selected, more than 15,000 have joined training, out of them, 8700 candidates have completed training and 6,838 have been offered jobs. The target of the Scheme, to train and enhance employability of 40,000 graduates, post graduates and three year engineering diploma holders is expected to be achieved by 2019-20. To accelerate the pace of implementation, mega selection drives have been introduced which has significantly improved the number of selections. So far ,67 mega selection drives have been held covering all districts of the state. □