



The Appl-i Consulting Group presents

# THE BENEVOLENT CONSULTANT

INDIAN INSTITUTE OF MANAGEMENT INDORE

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# Introduction.

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Perhaps the greatest problem that plagues the underprivileged is that they lack the skills with which they could have otherwise pulled themselves out of poverty. The ability to perform skilled labour greatly increases the prospects for employment and, hence, financial stability. Recognizing this fact, various government organisations have been set up to "upskill" the poor. A few examples of organizations that are involved in this work include the Financial Development Corporation, the Poverty Elimination Corporation, the Backward class improvement cell among many others. The schemes by these organisations are structured to cater to particular communities within the underprivileged sections of the societies and, subject to certain conditions, extend financial support to them. These organizations disburse loans at nominal rates and undertake schemes in an attempt to provide the lesser fortunate with the necessary capital to invest in education, agriculture or even open up a small business. They also provide support to self-help groups and have special programmes designed to uplift underprivileged women. A few of these schemes include the Dev Swavalamban Yojna and Vishwakarma Microfinance Yojna offered by the Poverty Elimination Corporation, The Saumya Scheme and the Micro-finance schemes offered by the Backward class improvement cell and programmes such as the Virat scheme offered by the FDC. This list is by no means exhaustive and there exist numerous other organizations and measures in place to better alleviate the plight of the deprived classes.

The tables below show the cumulative key financial amounts for these organisations for the last 5 years.

Key Financials (Amounts in Rs. Cr.)					
	2014-15	2015-16	2016-17	2017-18	2018-19
Sanctioned Amount	445.98	430.2	476.61	579.38	753.42
Disbursed Amount	296.81	315.12	387.36	467.81	524.28
Cumulative Recovery Percentage	87.34%	85.48%	82.98%	81.45%	78.64%
Overdue Loans Amount (Standalone for the year)	56.46	62.47	81.12	107.47	160.93
Overdue Loans (Cumulative)	153.57	188.80	245.18	341.28	486.41
NPA (Declared)	6.27	6.94	9.01	11.94	17.88
Interest Matrix and Various Schemes					
Scheme Name	Loan Amount	Interest Rates		Scheme	Disbursement Amount (2019, Rs. Cr.)
General Loan	Upto 5 Lakhs	6.00%		General Loan	187.2
	5-10 Lakhs	7.00%		Saumya Scheme	23.35
Saumya Scheme (Women of Backward Classes)	Upto 1 Lakh	5.00%		Educational Loan	27.64
Education Loan - Within India, Gender Neutral	Upto 10 Lakh	4.00%		Micro Finance	85.45
Education Loan - Within India, Girl Child	Upto 10 Lakh	3.50%		Mahila Yojna	123.41
Education Loan - Outside India, Gender Neutral	Upto 20 Lakh	4.00%		Small Loan	77.24
Education Loan - Outside India, Girl India	Upto 20 Lakh	3.50%			
Micro Finance Scheme	Upto 60000	5.00%			
Mahila Yojana for Women	Upto 60000	4.00%			
Small Loan Scheme	Upto 60000	6.00%			

**State-wise Distribution of Loans for the last 3 FYs (Amounts in Rs. Cr.)**

State/Institution Class	2016-17	2017-18	2018-19	Cumulative Disbursement	Cumulative Dues	Cumulative Recovery	Cumulative Overdue
Andhra Pradesh	0.000	25.000	15.000	214.005	210.060	209.442	0.618
Assam	0.000	0.000	4.000	20.944	19.428	12.112	7.316
Bihar	10.788	0.000	0.000	49.894	55.054	32.498	22.556
Chattisgarh	1.000	5.000	0.000	18.673	12.764	9.008	3.756
Goa	0.500	1.500	1.500	23.477	18.490	18.490	0.000
Gujarat	12.100	13.106	37.300	20.448	150.249	142.601	7.648
Haryana	8.250	11.000	11.000	110.524	67.266	51.757	15.509
Himachal Pradesh	4.258	4.362	5.000	83.290	51.330	51.330	0.000
Jammu & Kashmir	3.000	2.000	3.000	24.425	14.559	12.396	2.163
Jharkhand	1.000	7.000	0.000	18.453	7.362	4.459	2.903
Karnataka	35.000	35.000	0.000	413.992	334.318	308.157	26.161
Kerala	106.500	172.000	221.425	1439.487	943.141	905.506	37.635
Madhya Pradesh	3.532	2.036	13.245	71.658	68.811	54.816	13.995
Maharashtra	0.000	0.000	0.000	241.400	259.954	158.384	101.570
Manipur	0.000	0.000	0.000	4.830	7.760	7.760	0.000
NEDFC	8.000	0.000	0.000	63.000	58.707	58.707	0.000
Orissa	0.000	0.000	0.000	14.356	23.329	16.291	7.037
Punjab	13.000	23.809	18.000	106.768	53.915	48.555	5.360
Rajasthan	0.000	2.648	3.000	70.432	53.080	42.351	10.729
Sikkim	0.000	0.000	0.500	27.629	30.951	25.437	5.514
Tamil Nadu	100.000	75.000	75.000	740.680	535.930	440.308	95.622
Telangana	0.000	0.444	0.000	0.444	--	--	--
Tripura	25.000	35.000	21.000	157.351	60.469	49.021	11.449
Uttar Pradesh	13.550	38.000	32.850	194.228	144.787	86.708	78.079
Uttarakhand	0.000	1.000	1.000	4.558	2.712	1.905	0.807
West Bengal	5.000	3.000	7.725	101.940	80.574	59.668	20.906
<b>Public Sector Banks</b>	<b>31.713</b>	<b>10.820</b>	<b>53.424</b>	<b>95.957</b>	<b>8.624</b>	<b>8.624</b>	<b>0.000</b>

Chandigarh	0.000	0.000	0.100	1.304	0.982	0.982	0.000
Delhi	0.170	0.085	0.216	4.214	3.923	3.270	0.653
Puducherry	5.000	0.000	0.000	45.221	28.903	20.484	8.419
<b>Total</b>	<b>387.361</b>	<b>467.809</b>	<b>524.285</b>	<b>4383.581</b>	<b>3307.431</b>	<b>2821.026</b>	<b>486.406</b>

# Problem Statement.

Since their inception, the primary aim of all the above-mentioned organisations was to assist in improving and developing the economic activities for the Backward Classes who are living below the poverty line. These financial institutions (or cooperatives) aim at welfare maximization rather than profit generation.

**Debt recovery** is thus a major key performance indicator in this particular sector. The above financial data clearly shows the menace that these banks are going through for the past few years. The recovery percentages are tanking over time, and the loan overdue are increasing at humongous rates. The loan overdue amount has almost doubled as compared to 2016-17. On the other hand, the declared **Non-performing assets** are just a meagre proportion of these dues, which exhibits the reluctance of these financial institutions. The numbers portray the current picture in this sector which is surely not a pleasing one.

Taking the aforementioned problem statement and data into consideration, the objective is now to come up with certain measures which these banks can implement to make their debt collection efficient and improve the current financial figures. While designing the case solution, it has to be kept in mind that the main aim of these banks is to maximise public welfare and not profit generation.

Data on State Wise distribution of the loans is also available, which can be utilized to provide state-specific measures as well. The solution can be similar for all the banks across India or can also be state-specific. The participants will be judged on the feasibility, ease of implementation, level of detail and novelty in the solution.

# Rules:

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Team size of 1-4 members; Cross-college and cross-batch teams are allowed.

Please adhere to the mentioned deadlines strictly as no requests seeking extensions shall be entertained.

The solution has to be submitted in the form of a PDF, and no other document formats such as .word or .pptx will be considered as valid submissions.

Naming Convention for submission will be of the form TBC\_TeamName\_CollegeName1\_CollegeName2\_CollegeName3\_CollegeName4.pdf (the college name should be mentioned multiple times only if team members are from different colleges).