CHAPTER – 3

RESEARCH DESIGN

This chapter is primarily devoted to the description of the nature and method of collecting data. Both primary and secondary sources have been tapped to acquire the necessary information. Since the basic objective of the study is evaluation of the performance of Prime Minister’s Rojgar Yojana, qualitative data based on the opinion of the respondents as well as quantitative data have been utilised for the purpose.

3.1 SECONDARY DATA

The secondary data relating to the location, area, population, number of house-holds, per capita income and other demographic characteristics of the study district as well as the profile of economic activities were collected from the Abstract of Statistics, published by the Directorate of Economics and Statistics of the Government of Haryana. The genesis of PMRY, its procedures, its implementation in Haryana, the number of beneficiaries covered, the quantum of bank assistance and its distribution to various banks and the extent of educated unemployment were collected from the Office of the DIC and the Lead Bank.
3.2 Primary Data

The primary data were collected through survey method from the groups; namely, DIC functionaries, Bankers and Beneficiaries. This survey has been carried out through a set of six questionnaires as shown in the Annexures I, II, and III. From each group, two questionnaires have been filled up one containing the qualitative questions and the other containing the quantitative questions.

3.2.1 Interview of the DIC Functionaries

All the three functionaries of the DIC from the district— the General Manager, the Functional Manager, and the Technical Officer—were contacted personally and the two types of questionnaires (questionnaire 1 and 2 as shown in Annexure–I) were administered to them for collecting their views and opinions on PMRY implementation in Haryana. The first questionnaire elicited information on aspects such as targets allotted and achievements made, loan amount disbursed and enterprises set up, magnitude of unemployment qualification-wise, number of applications received qualification-wise, applications processed and number of cases rejected along with reasons for rejection, final number of cases sponsored by the Task Force to the banks and the problem faced by the DIC in the implementation of this scheme. The second performa sought the opinion of the DIC functionaries for starting the
scheme, suitability of the applicant for getting benefits under PMRY, appropriateness of the projects selected by the applicants, level of cooperation needed versus available from other Task Force Members, level of cooperation needed versus available from the bankers, the training needs of the beneficiaries and the present scheme of the training, the extent to which the scheme can be linked to the EDP training being conducted in the district and their views on the time scheduled for implementation. This questionnaire also sought their opinion on the usefulness of the PMRY scheme in the study district.

3.2.2 Interview of the Bankers

Questionnaire 3 and 4 as shown in Annexure – II were administered to the bankers for collecting the data. The details regarding the following aspects were collected in questionnaire 3: Number of cases received, target for bank branch, number of cases sanctioned, number of cases rejected and returned, number of cases pending for disbursement and returning the applications, the average time taken for disbursement of loan after training, the average time taken for disbursement of final installment, repayment details, reasons for non-repayment, suggestions for securing prompt repayment and the problems faced by the banks. Questionnaire 4 sought the opinions of the bankers on the system of allocation of target, quality of final screening of applications, the recovery climate in the district especially with regard to PMRY, the present
hypothecation procedure, type of activities taken up by the beneficiaries and the general perception of the bankers on the usefulness of the PMRY scheme.

3.2.3 Interview of Direct Beneficiaries

The number of beneficiaries allocated to Rohtak district by Government of India for the period 1993-94 to 1998-99 was 2235. Accordingly, the DIC invited the applications and received 4503 applications in all. Of these 2278 were recommended to bank branches by the Task Force on the basis of eligibility norms. The bank branches in turn sanctioned loan to 1598 applicants only. 680 applications were rejected and returned after sanction because of some reasons, e.g., unviable projects, out of service area, income criteria not met, completion of targets and project report not enclosed etc. The sample design for the present study consists of choosing a sample of 160 beneficiaries i.e., ten percent of the beneficiaries who were sanctioned loan. These 160 beneficiaries were chosen using the method of proportionate random sampling procedure. To move the sample random, a simple lottery method has been used for choosing beneficiaries from each group. The actual data, however, could be collected from 125 beneficiaries only. The reasons for this are twofold: First, the party could not be traced at the addresses given by the DIC possibly because the party had already left the place. Second, some beneficiaries either could not be contacted even after repeated visits or they did not cooperate to respond to our question. This forced us to limit the sample size to only 125
beneficiaries. This limitation has also introduced an element of inter-group disproportionality in the final sample of beneficiaries. This and other details regarding the category-wise distribution of sample beneficiaries are summarised in the following table:

Table: 3.1 – Distribution of Sample Beneficiaries

<table>
<thead>
<tr>
<th>Category</th>
<th>Applications Received by DIC</th>
<th>No. of Applications recommended by DIC</th>
<th>No. of Applications Sanctioned by Banks</th>
<th>No. of Beneficiaries in the sample</th>
<th>Actual No. of Beneficiaries Surveyed</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>2108</td>
<td>1124</td>
<td>818 (51.18)</td>
<td>82 (51.15)</td>
<td>63 (50.40)</td>
</tr>
<tr>
<td>OBC</td>
<td>1771</td>
<td>889</td>
<td>611 (38.24)</td>
<td>61 (38.25)</td>
<td>50 (40.00)</td>
</tr>
<tr>
<td>SC</td>
<td>624</td>
<td>265</td>
<td>169 (10.58)</td>
<td>17 (10.60)</td>
<td>12 (9.60)</td>
</tr>
<tr>
<td>Total</td>
<td>4503</td>
<td>2278</td>
<td>1598 (100)</td>
<td>160 (100)</td>
<td>125 (100)</td>
</tr>
</tbody>
</table>

Note: The brackets contain percentage of the total.

The information from the beneficiaries was collected in two types of questionnaires (questionnaire 5 & 6 shown in Annexure – III). The first part of questionnaire 5 related to the basic data of the beneficiaries covering location, sex, social category, age, type of enterprise set up, name of the product, annual income and the status of the beneficiaries before availing loan. The second part of the questionnaire related to the particulars of loan applied, sanctioned and received, additional amount invested by the beneficiaries and the details of money spent for various aspects and details of inspection, description of venture in terms of investment, the time taken to start the venture, the number
of persons employed, production capacity, production targeted, realised production and gross profit. The impact of technical backup and training, the details on non-starting units and the reasons there of are also discussed. The problems faced by the beneficiaries at DIC, banks and other levels are also collected.

Questionnaire 6 seeks the views of the participants on the norms and various items on the application forms, guidance required versus available at the stage of selection of project and in preparation of project reports and their views on the system of screening, their views on the need for training, the contents, faculty, methodology, etc, of training and whether they require additional knowledge/training for running the project, their views on the system of loan by banks including the availability of loan forms, inspection by the bankers, security, collateral requirement aspects, conditional sanctions, time period involved, amount and type of facility desired versus sanctioned, problems faced at the disbursement stage, their perspective of the over all attitude of the bankers towards the Yojana. The problems faced by them in the procurement of plant and machinery, loans and building, power, water, raw material, marketing of the product, etc. are also elicited.

3.3 TECHNIQUE OF ANALYSIS

Regarding the techniques of analysis, simple methods involving tabulation, ratios, percentages and absolute figures have been used to
comprehend the performance of PMRY. There are broadly two approaches to evaluate such schemes: one, the ‘control group’ approach which consists of comparing the performance of sample beneficiaries with that of others control group not covered by the scheme. Two, the ‘before and after’ approach according to which the performance of beneficiaries is compared before and after the implementation of the scheme. It is the latter approach which has been adopted in the present study wherever possible. The performance has been measured in terms of the following indicators:

**Measures of the Performance of PMRY**

1. The success of PMRY is indicated by the degree of achievement of targets prescribed. The percentage of achievement of target exceeds with respect to sanctioned cases and 71.50% in the case of disbursed cases. The percentage of actual enterprises functioning to the total target is also 71.50%. This percentage was more than cent-percent in business, 55.77% in industry and 37.53% in service sector. These data imply that the achievement of target is relatively easier in business than in other sectors. All the 18 bank branches have achieved a target of 89.83% allotted to them. The conclusion that emerges from all these percentages is that the achievement has fallen short of targets by about 28.5%.
2. The second indicator of success of PMRY is measured by the degree of fulfillment of the prescribed eligibility conditions. We found that the candidates were selected, by and large, in accordance with these norms.

3. The third indicator of success can be seen in the effective credit delivery system assisting PMRY in the District. Normally, a good credit delivery system (loaning system) should be able to provide cheap, timely and adequate credit with ease and convenience. The results of this study show that despite various genuine constraints under which banks are functioning, they were able to exhibit the qualities of a good loaning system.

a) The loan provided is cheap as the banks charge 12.5% per annum as interest up to a loan of Rs.25,000 and at the rate of 15.5% for a loan exceeding Rs.25,000.

b) The loan sanctioned is fairly adequate as 71.59% of the loan applied for, has been sanctioned by the banks and 74.4% of the beneficiaries have made less than Rs.10,000 as additional investment.

c) The credit provided is fairly timely. As the time lag between the date of sanction and the final disbursement was less than one month in the case of 62.4% beneficiaries and between 1-3 months in the case of another 31.2%. The time interval from the date of
completion of training to the beneficiaries and it was between 1-3 months in another 29.6% of the cases.

d) The loan system is also fairly easy and convenient. The entire loan amount has been disbursed in one installment in the case of 42.4% beneficiaries and another 35.2% had received it in two installments. The number of visits made by a majority of beneficiaries to the banks is more than five times.

4. The success of PMRY is indicated by the close cooperation and coordination with the banks, beneficiaries, and other agencies working under PMRY. The DIC officials are found to receive excellent cooperation from the Task Force Members for the implementation of the scheme as all the meetings scheduled were conducted on time. The cooperation available from the banks was rated as adequate to good.

5. The perception on the usefulness of the scheme also indicates the success of the scheme. The PMRY is considered to be useful by both the officials of DIC and banks, however, with varying degree of opinion on the usefulness. While all the DIC officials invariably opined that the scheme is very useful, most of the bankers felt that it is useful to some extent only.

The successful performance of PMRY described above, is not absolute but has to be accepted in a relative sense and hence should not give an impression that the scheme is 100% success. There are certain
problems, which tend to reduce the efficacy of the scheme. These problems are:

a) The main problem is non-repayment of loan and poor recovery by the beneficiaries. The combined data collected from both the beneficiaries and banks indicate a greater incidence of non-repayment of loan (about 37%) of the total cases sanctioned. This is alarming. The limited period of operation of the scheme, high cost of establishment, lack of adequate working capital, inadequacy of income, diversion of funds are the major factors contributing to non-repayment. The incidence of willful default is also considerable as reported by the bankers. The poor recovery situation is really debilitating the efficacy of the scheme.

b) Inadequacy of manpower in banks is another major problem, which seem to account for more delays and other problems at the bank level.

c) While the beneficiaries do not find much problems with the DIC, they find the attitude of bankers towards this scheme as one of apathy. Under financing and insistence of collateral security sap the initiative of the applicants as a result of which some of them cannot avail the scheme.
### 3.4 Concepts Used

In the concurrent evaluation of PMRY certain terms and concepts have been used whose definitions are given below:

1. **Targets**: The number of beneficiaries required to be covered for each State/Union Territory denotes the targets. These targets are fixed by the central Government and District wise targets are conveyed by the State/Union Territories to the implementing agencies.

2. **Cases sanctioned**: This denotes the number of beneficiaries to whom sanction have been approved by the banks and the first installment of loan from bank have been received by the beneficiaries.

3. **Partial disbursement of loan**: Beneficiaries who have received atleast one installment of loan from the bank come under this category.

4. **Full disbursement of loan**: Beneficiaries who have received the last installment of loan sanctioned by the bank are included in this category.

5. **Amount of loan disbursed**: This denotes the total amount of loan disbursed by the bank.

6. **Enterprise set up**: An enterprise will be deemed to have been set up if it has started production/serviced one unit/one trading transaction has taken place.

7. **Non starting enterprise**: If any enterprise which has received the first installment and is unable to set up within three months in case of
manufacturing and in one month in case of service/business it may be described as non starting enterprise.

8. **Closed enterprise**: An enterprise once set up but has not been able to manufacture for over three months in case of manufacturing and service or trade for over a month may be called a closed enterprise.

9. **Cases not disbursed**: Beneficiaries who have not received loan up to nine months after sanction and which have been treated as rejected are considered as cases not disbursed

10. **Magnitude of unemployment**: All unemployed persons whose names have been registered qualification-wise with Employment Exchange by March, 1993 to 1999 are considered as unemployed.

11. **Margin money**: The contribution of the beneficiary towards the project cost is called margin money. Under PMRY scheme a beneficiary is required to contribute 5% of the project cost as margin money and the balance is sanctioned as loan by the banks.

12. **Industrial activity**: A beneficiary who has taken up any of the following activities may be categorised under industrial activity:
   a) **Manufacturing/Assembly**: A unit which produces product having nomenclature different from the raw material used by it is to be termed as manufacturing/assembly.
   b) **Processing**: Processing means manufacturing with raw material supplied by others and the finished products so
produced/processed to be given to the respective party to whom the raw material belongs.

c) **Job work**: Job work means a part of manufacturing process undertaken on behalf of another unit on payment basis. Activities like milling, grinding, polishing, shaping, electroplating, galvanising, heat treatment, etc. are to be taken as job work.

d) **Repairing and servicing**: Repairing means the process of restoring something defective to good working condition. Servicing means maintaining or improving working condition of any machine, equipment, appliances, etc.

13. **Business**: Any activity, which involves trading of a commodity, may be termed as business.

14. **Service**: All activities which involve service to the community such as beauty parlour, photostat work, typing work, laundry, computer data entry, clinical laboratories, dry cleaning etc., to be categorised under this activity.

15. **Annual Income**: This includes annual family income derived from all sources—wages, salary, pension, agriculture, rent or business, etc.

16. **Investment**: The total amount of money expended by the beneficiary for starting the enterprise.

17. **Fixed Capital**: It includes the total investment on the following:
   a) Land
b) Building

c) Plants and Machines

d) Implements, Tools and others

18. **Working capital**: It is total investment on the following items:

a) Stock of finished products

b) Stock of semi-finished products, by products including those in the process.

c) Materials, stores and fuels.

d) Cash in hand and at the bank excluding deposits of one year or longer duration and funds kept separately in respect of securities for staff pension, gratuity funds etc.

e) Amount receivable is the total amount as started from (a) to (d).

f) Amount payable is given by working capital/sum of items mentioned above from (a) to (e) - Stock of semi-finished products/by products including those in the process.

19. **Annual gross profits**: It is the amount after subtracting the operational cost incurred from the total value of production/sales realised and the service rendered per annum.

20. **Annual operational cost**: It includes expenditure incurred per annum on the items like rent, electricity charges, value of goods purchased, wages, etc.
The analysis of data on the basis of the concepts and research design described above yielded the results, which are presented and discussed in the next chapters.