AN ANALYSIS OF SAMPLE SURVEY OF BENEFICIARIES
CHAPTER V

AN ANALYSIS OF SAMPLE SURVEY OF BENEFICIARIES

Though the SEEUY Scheme was introduced during 1983 it has picked up momentum only during the past three years. Many problems are encountered in its implementation and appropriate systems and procedures are still being evolved to solve these problems. It is but natural that a scheme of vast dimensions such as the SEEUY Scheme should beset with many problems. What is of importance is that all those concerned with the scheme should have an open mind and be alive to the needs so as to constantly search for better ways and means to achieve the ultimate objective of encouraging the Educated Unemployed Youth to undertake self-employment ventures. In this context, some of the important problem areas concerning SEEUY scheme are highlighted in this chapter together with probable solutions.

The implementation of the SEEUY scheme from the stage of filling application and verification of particulars, to the grant and disbursement of loan and finally to the repayment of loan, is saddled with many procedural formalities and administrative hurdles. Hence, in the present study, an attempt is made to
find out the problems which the beneficiaries have to face at different stages of implementation of the SEEUY scheme. Special emphasis is being laid on the problems concerning the selection of beneficiaries, sanction of loans, disbursement of loans, adjustment of subsidies and repayment of the loans.

As stated in the methodology, an attempt has been made to collect information from 300 beneficiaries classified according to their involvement as Industrial, Service and Business segments covered under this programme drawn from different districts of Tamil Nadu randomly without bias. Further, almost all the sample beneficiaries financed either during 1983-84 or 1984-85 were selected. However, while conducting the pre-survey, it was not possible to contact 36 beneficiaries due to following reasons. a. Party left the place. b. Party could not be located at the given address. c. Party not available at the time of interview. d. Party out of station on more than one occasion.

These reasons for absence of borrowers at the given addresses render follow-up action difficult and ultimately recovery of the loan amount is also affected.
The co-operation of the beneficiaries in the collection of data ranged from lukewarm to very enthusiastic. Some of the beneficiaries welcomed and provided the information about the utilization of SEEUY loans whilst few of them were reluctant to reveal their economic position and were not helpful in providing information about the utilization of SEEUY loans.

Profile of the Sample Beneficiaries

Beneficiaries' profile is analysed on the basis of important variables such as age, sex, education and income.

Age and Sex of the Beneficiaries

In the present study, where an attempt is made to provide a profile of the socio-economic status of the SEEUY scheme beneficiaries, the exploration into the age-structure and sex of the beneficiaries is very essential for understanding how the educated young unemployed are taking advantage of the scheme. Age and sex of the beneficiaries are tabulated and presented in Table 5.1.

In the present sample 2% of respondents belong to 18-20 years, 23% of respondents belong to 21-25
years, 20% of respondents belong to 26-30 years, 36% of respondents belong to 31-35 years and the rest 19% belong to 35 years and above.

It clearly explains that out of 264 sample beneficiaries 84.1% represent males and 15.9% represent females. In a number of cases, activities under finance were not being carried on by women beneficiaries themselves and the ventures were in fact being run by their respective spouses or other dependants who themselves were either employed or engaged in some other activity. Besides, the business of some of the women entrepreneurs after their marriage were found to have shifted, abandoned or left in the hands of their family members.

The distribution of data very clearly indicates that the loan facilities for Self-employment to Educated Unemployed Youth scheme is being mostly enjoyed by young educated unemployed falling within the age group of 20-30 years.

36% of the loans availed of, by the beneficiaries come under the age-group of 31-35 years. Respondents of this group opted for this scheme mainly because they are unemployed. Besides, they would have got
some practical experience and knowledge and they decisively make up their mind for self-employment.

The number of beneficiaries in the age group of 35 years and above is only 51 out of a total of 264. This works out to 19% of the total sample population. These people opted for this scheme mainly because there is no other possible opportunity for their better future.

It perhaps indicates that the young and energetic youth in the age group of 20-30 years, are more innovative and enterprising than others. It is a good trend because this scheme is designed mainly for youths. Literacy is one of the motivating factor for availing benefits under SEEUY scheme besides awareness of the scheme. Eventhough the number of females choosing this scheme is very significant, it is a welcome and changing trend.

Religion of the Respondents

Out of the 264 beneficiaries surveyed, coverage of those belonging to scheduled caste/scheduled tribe categories works out to 10.5%. The Muslim beneficiaries from these districts are very nominal and remain at
### TABLE 5.1
CLASSIFICATION OF BENEFICIARIES - AGE AND SEX - WISE

<table>
<thead>
<tr>
<th>AGE GROUP</th>
<th>MALE</th>
<th>FEMALE</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL</strong></td>
<td>222 [100]</td>
<td>42 [100]</td>
<td>264 [100]</td>
</tr>
</tbody>
</table>

(FIGURES IN BRACKETS INDICATE PERCENTAGE TO TOTAL)

**SOURCE:** PRIMARY

### TABLE 5.2
MARITAL STATUS OF THE RESPONDENTS

<table>
<thead>
<tr>
<th>MARITAL STATUS</th>
<th>BENEFICIARIES</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNMARRIED</td>
<td>244</td>
<td>92.4</td>
</tr>
<tr>
<td>MARRIED</td>
<td>20</td>
<td>7.6</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>264</td>
<td>100.0</td>
</tr>
</tbody>
</table>

**SOURCE:** PRIMARY
3%. Muslims in these districts are generally pursuing non-agricultural occupations such as weaving, small business, petty shops, independent professions etc. Many of the educated unemployed Muslims proceed to foreign countries like Saudi Arabia, Dhubai etc. As a result, the Muslims have not taken much advantage of the SEEUY scheme. This is quite evident from the data where only 7 Muslim respondents accounting for 3%, have derived benefits from the SEEUY scheme, as against 86.5% Hindus.

In the present study, it is evident that out of 264 beneficiaries only 20 are married.

Size of the Family

The beneficiaries belong to medium size families with an average of 7 members consisting of 4 adults and 3 children. Thus, the size of the family of the respondents is medium, and reflects the poor economic condition of the family.

Educational Qualifications

Table 5.3 is self-explanatory. Beneficiaries are classified according to their educational qualifications, under four categories viz., 1. Matriculation/
TABLE 5.3
EDUCATIONAL STATUS, TECHNICAL QUALIFICATION AND PREVIOUS EXPERIENCE
OF THE SAMPLE BENEFICIARIES

<table>
<thead>
<tr>
<th>EDUCATIONAL QUALIFICATION</th>
<th>NAME</th>
<th></th>
<th>FEMALE</th>
<th></th>
<th></th>
<th>TOTAL</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0</td>
<td>*</td>
<td>+</td>
<td>0</td>
<td>*</td>
<td>+</td>
<td>0</td>
</tr>
<tr>
<td>MATRICULATION/SSLC/11th/HIGHER</td>
<td>131 13 66</td>
<td></td>
<td>30 5 12</td>
<td></td>
<td></td>
<td>161 18 78</td>
<td></td>
</tr>
<tr>
<td>SECONDARY</td>
<td>(59) (33) [56]</td>
<td></td>
<td>(71) [71] [75]</td>
<td></td>
<td></td>
<td>(61) [39] [58.2]</td>
<td></td>
</tr>
<tr>
<td>PUC/PLUS 2</td>
<td>42 12 30</td>
<td></td>
<td>9 2 4</td>
<td></td>
<td></td>
<td>51 14 34</td>
<td></td>
</tr>
<tr>
<td>(19) [31] [25]</td>
<td></td>
<td>(22) [29] [25]</td>
<td></td>
<td></td>
<td>(19) [30] [25.4]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRADUATION</td>
<td>38 10 15</td>
<td></td>
<td>2 - -</td>
<td></td>
<td></td>
<td>40 10 15</td>
<td></td>
</tr>
<tr>
<td>(17) [26] [13]</td>
<td></td>
<td>(6) - -</td>
<td></td>
<td></td>
<td>(15) [22] [11.2]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>POST-GRADUATION</td>
<td>11 4 7</td>
<td></td>
<td>1 - -</td>
<td></td>
<td></td>
<td>12 4 7</td>
<td></td>
</tr>
<tr>
<td>(5) [10] [6]</td>
<td></td>
<td>(2) - -</td>
<td></td>
<td></td>
<td>(5) [9] [5.2]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>222 39 118</td>
<td></td>
<td>42 7 16</td>
<td></td>
<td></td>
<td>264 46 134</td>
<td></td>
</tr>
</tbody>
</table>

(Figures in brackets indicate percentage to the total.)

0 indicates educational status
* indicates technical qualification
+ indicates previous experience

Source: PRIMARY

SSLC/11th/Higher Secondary, 2. PUC/PLUS 2, 3. Graduation and 4. Post-Graduation. The present survey indicates that 61% are educated upto Matriculation/SSLC/11th/Higher Secondary, 19% upto PUC/PLUS 2, 15% upto Graduation and 5% upto Post-Graduate standards.
The reason for a larger number of beneficiaries of Matriculation/SSLC/11th/Higher Secondary 161 out of 264 is obvious. The minimum educational qualification prescribed under this scheme is S.S.L.C.

This does not in any way reflect the exact educational standards attained in these areas. This may be due to the purposive sample structure chosen in the present study, where only SEEUY scheme beneficiaries have been selected for investigation, and not all other persons residing in such areas. Educational status of sample beneficiaries according to their educational qualifications is given in the pie diagram-I.

Technical Qualification

Out of 264, 46 beneficiaries possess some technical qualifications such as typewriting, tailoring, shorthand, diploma from Industrial Training Institute etc., in addition to their educational qualification as given in Table 5.3.

Previous Experience in the Selected Activities

130 Borrowers had absolutely no experience in the activities they had selected, while for the remain-
EDUCATIONAL STATUS OF THE SAMPLE

BENEFICIARIES - MALE

- SSLC/11TH/HSC
- PUC/PLUS 2
- GRADUATION
- POST GRADUATION

(59%) (17%) (5%) (18%)
EDUCATIONAL STATUS OF THE SAMPLE

BENEFICIARIES—FEMALE

SSLC/11TH/HSC

PUC/PLUS 2

GRADUATION

POST GRADUATION

(71%)

(21%)
ing 134 borrowers they had current working experience (for 66), past working experience (for 36) and association with family business (for 32) as given in Table 5.3.

Training

No practical training was provided at DIC level to any of the respondents as per the scheme. Hence, they did not develop necessary technical skill and knowledge in pursuing their activities. As a result, the beneficiaries have abandoned the projects or made subsequent disposal of assets and funds were not utilised properly. Hence, massive training programme of beneficiaries is needed for proper management of different sectors and inculcation of ethics of repayment.

Information on educational background and selection of activities of the sample borrowers showed that for a number of borrowers, education, previous experience and training did not match with their chosen line of activities.

From the survey it is learnt that out of 264 beneficiaries 239 beneficiaries have registered their
names in the employment exchange. But they have not secured any employment through the employment exchange. On an average, they have waited for a minimum period of 4 years. This compels them to seek self-employment. In other words, they are forced to avail the benefits of the SEEUY scheme which fact is confirmed from the above analysis. The remaining 25 beneficiaries have not registered their names in the exchanges, since it is largely believed that these exchanges hardly help the unemployed in securing requisite jobs.

**Sources of Information Regarding the Scheme**

Awareness of the existence of a scheme is what is needed for the progress thereof and SEEUY scheme is no exception to it. In reality, some of the Government schemes are not known to the intended population. The different sources of information about SEEUY scheme, are discussed here. Information sources about the scheme are presented in the Table 5.4. It is seen that 60% of the sample beneficiaries are aware of the scheme through newspapers and magazines. It means they are going through advertisements and other news items regarding employment in the newspapers. This reveals that they have to seek either a job or self-
TABLE 5.4
INFORMATION SOURCES ABOUT SEEUY SCHEME

<table>
<thead>
<tr>
<th>SL. NO.</th>
<th>INFORMATION SOURCES</th>
<th>BENEFICIARIES</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>NEWSPAPERS AND ADVERTISEMENTS</td>
<td>158</td>
<td>60</td>
</tr>
<tr>
<td>2.</td>
<td>BANK OFFICIALS</td>
<td>32</td>
<td>12</td>
</tr>
<tr>
<td>3.</td>
<td>DIC OFFICIALS</td>
<td>22</td>
<td>8</td>
</tr>
<tr>
<td>4.</td>
<td>THOSE ALREADY AVAILED</td>
<td>26</td>
<td>10</td>
</tr>
<tr>
<td>5.</td>
<td>FRIENDS AND RELATIVES</td>
<td>26</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL</strong></td>
<td><strong>264</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

SOURCE: PRIMARY.

employment. Since the scheme is meant wholly for the educated, newspaper media alone is considered as a vital source of information. Next source of information is Bank and DIC officials. 54 out of 264 beneficiaries have come to know about the scheme through their banks and DIC officials. This source is very meagre as it accounts for only 20%. In fact, DIC is the official agency to implement SEEUY scheme in co-ordination with the commercial banks. In reality they cannot meet the unemployed individually and explain the salient features and the usefulness of the scheme. Wherever opportunities are available, DIC is publishing this
scheme. Various information media are used for this purpose by the DIC. Hence, DIC and commercial banks are considered to be the secondary source of information.

However, personal contact with the borrowers by the DICs and Banks will help in spreading the message about the scheme quickly and most effectively and particulars regarding persons eligible under the scheme, activities that could be pursued by them, rate of interest, repayment period, initial gestation period, maximum loan amount, subsidy, adjustment of subsidy, disbursement schedule, responsibilities for repayment etc. Using National Network of Doordarshan for educating the borrowers on their role, message of the scheme can be effectively flashed throughout the length and breadth of the country.

· Selection of Activity

It was learnt from the survey that 195 out of 264 beneficiaries have selected their activities themselves. Out of the remaining 69 beneficiaries, 19 have been selected on the advice of the DIC Task Force and 16 by banks and 34 by friends and relatives.
Segment-wise Activities

As stated earlier, all sample borrowers were educated and some of them had taken professional training also. However, the activities selected by them were such that only primary level of education and working knowledge of the activities were sufficient to pursue most of the activities.

Out of the 264 beneficiaries 143 who account for 54.1% of the total were granted loans for Industrial Purpose, 92 accounting for 34.8% were given assistance for establishing service sector and 29 forming 11.1% for Business ventures. The norm prescribed that not less than 50% and not more than 30% of the cases sanctioned should be given for industrial and business ventures respectively prima facie was not observed in certain areas. The factors which tended to limit financing industrial ventures were industrial backwardness, inadequate communication and marketing facilities, borrowers' lack of technical skill and knowledge for running industrial ventures and preference for easily identifiable soft line activities under the other two sectors. The Table 5.5 gives the principal ventures started by the sample borrowers.
# TABLE 5.5

**SEGMENTWISE ACTIVITIES UNDERTAKEN BY SAMPLE BENEFICIARIES**

<table>
<thead>
<tr>
<th>SEGMENT</th>
<th>ACTIVITIES</th>
<th>NO. OF BORROWERS</th>
<th>% OF THE TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>INDUSTRY</td>
<td>GRILL WORKS, PRINTING PRESS, SOAP MAKING BAKERY UNIT, LATH WORKS POULTRY WELDING, HANDLOOMS, PLASTIC GOODS, STEEL FURNITURE, BRICKS, READY-MADE GARMENTS, ENGINEERING WORKS, ORNAMENTS CUTTING. ZEROXING, WET GRINDERS, TV/RADIO SERVICE, WATCH REPAIR, ELECTRIC SERVICE CYCLE HIRING, TYPE WRITING, AUTORICKSHAW, TAILORING, FLOUR MILLS, PHOTO STUDIO, WELDER, HOUSING CONSULTANT.</td>
<td>143</td>
<td>54%</td>
</tr>
<tr>
<td>SERVICE</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BUSINESS</td>
<td>CYCLE SHOP, ELECTRIC SHOP PETTY SHOP, TAPE RECORDING AND SALES, STATIONERY SHOP, AUTO PARTS, GENERAL STORES, FANCY STORES, FERTILIZERS.</td>
<td>29</td>
<td>11%</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>264</td>
<td>100</td>
</tr>
</tbody>
</table>

**SOURCE:** PRIMARY.
Most of the educational background of the borrowers did not match with their selection of activities indicating a social waste. Most of the borrowers with higher education selected activities for which their education was not necessary. This should be a matter of concern for the planners since the education and skills acquired by these borrowers were wasted. This indicates that while selecting the activities, educational background and training of the borrowers were not given due importance by the banks and also by the Task Force which approved their applications.

SSI Registration

Among the units under SSI, it is gratifying to note that around 80% of units are registered under SSI as shown in Table 5.6.

**TABLE 5.6**

<table>
<thead>
<tr>
<th></th>
<th>NO. OF UNITS</th>
<th>PERCENTAGE TO THE TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>REGISTERED</td>
<td>211</td>
<td>(80%)</td>
</tr>
<tr>
<td>NOT REGISTERED</td>
<td>53</td>
<td>(20%)</td>
</tr>
<tr>
<td>TOTAL</td>
<td>264</td>
<td>(100%)</td>
</tr>
</tbody>
</table>

**SOURCE:** PRIMARY
The respondents have been required to state whether the clauses in the loan application form were difficult, lacking clarity or easy to understand. There are 68% respondents, who have stated that the clauses are difficult, 32% have stated that they lack clarity and the rest 10% have stated that the clauses are easy to understand.

72% of the respondents have suggested that as the prevalent loaning procedures are extremely cumbersome, they should be simplified for the convenience of the beneficiaries.

Duration between applying to the DIC and sanction as also between sanction and disbursement.

According to 45% of the sample borrowers, time intervening the date of applying for loan to DIC and sanction by the bank came to 1 to 2 months while for another 35% of the borrowers, it came to 2 to 3 months. For the remaining beneficiaries, it was about 3 to 5 months.

Out of 264 beneficiaries 66 cases, accounting for 24.9% the time lag between the date of sanction and the date of disbursement by bank branches was
over 1 month. This could be attributed, to the considerable time taken by the borrowers in completing formalities, preparing the statements, particulars required by the banks before disbursals.

Adequacy of Loan

Regarding the adequacy of loan amount, accounting for 62% have reported that the amount sanctioned was inadequate for meeting their requirements, and they had to depend on outside funds too. Average amount required as mentioned by them was over Rs.40,000.

Out of 264 beneficiaries, additional securities by way of third-party guarantee and mortgage of landed property were obtained in 17 cases accounting for 6.6% and in 2 cases accounting for 0.8% respectively. This is contrary to the security norm laid down in the scheme.

Classification of beneficiaries' opinion about the rate of interest

Generally, the rate of interest charged is 10% for backward districts and 12% for other districts under SEEUY scheme irrespective of sector assistance.
Table 5.7 reveals the opinion of the beneficiaries about the rate of interest charged under this scheme, 227 out of 264 beneficiaries, have opined

**TABLE 5.7**

CLASSIFICATION OF BENEFICIARIES' OPINION ABOUT THE RATE OF INTEREST CHARGED

<table>
<thead>
<tr>
<th>EDUCATIONAL QUALIFICATION</th>
<th>RATE OF INTEREST CHARGED</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LOW</td>
</tr>
<tr>
<td>MATRICULATION/SSLC/11th/</td>
<td>141</td>
</tr>
<tr>
<td>HIGHER SECONDARY</td>
<td></td>
</tr>
<tr>
<td>PUC / PLUS 2</td>
<td>41</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>GRADUATION</td>
<td>36</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>POST - GRADUATION</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>227</td>
</tr>
</tbody>
</table>

(FIGURES IN BRACKETS INDICATE PERCENTAGE TO THE TOTAL)

**SOURCE:** PRIMARY
that the rate is reasonable. The remaining 37 beneficiaries have considered the rate of interest to be very high. The reason may be that, banks charged only 4% as rate of interest under DRI scheme. These 37 beneficiaries expect the same rate to be extended for the SEEUY scheme as well. Actually DRI scheme is specially designed to benefit the poorest among the poor. Therefore, it could not be extended to SEEUY scheme. Of course there is interest concession, if the unit is located in the backward areas. When compared to other districts the rate of interest charged in the selected area is less by 2%.

Views of beneficiaries on the services of the Field Staff

It will be appropriate to examine the level of satisfaction among the beneficiaries regarding the services rendered by the concerned field staff. The beneficiaries were asked to give their views towards the service (assistance) rendered by the staff of Banks, DICs and Government Departments and it was found that the beneficiaries who were not satisfied with the services rendered by them was 218, accounting for 82.5% of the total sample beneficiaries.
There have been some complaints against the concerned field staff from some of the sample beneficiaries. The main complaint reported by beneficiaries as the reason for not being satisfied were, the utter lack of co-operation, undue delay in the work and above all, harassment by the Government officials.

Employment Generation

Employment generation is the main objective of providing loan to the educated unemployed youth. The extent of employment generation among the beneficiary families as well as outside persons, in the units established under the scheme can now be examined segment-wise employment generated is shown in Table 5.8.

<table>
<thead>
<tr>
<th>SEGMENT</th>
<th>NO. OF UNITS</th>
<th>TOTAL NO. OF PERSONS EMPLOYED</th>
<th>PER UNIT EMPLOYMENT POTENTIAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>INDUSTRIES</td>
<td>143</td>
<td>511</td>
<td>3.6</td>
</tr>
<tr>
<td>SERVICES</td>
<td>92</td>
<td>162</td>
<td>1.8</td>
</tr>
<tr>
<td>BUSINESS</td>
<td>29</td>
<td>41</td>
<td>1.4</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>264</strong></td>
<td><strong>714</strong></td>
<td><strong>2.7</strong></td>
</tr>
</tbody>
</table>

*SOURCE: PRIMARY*
The total number of persons, employed in the 264 surveyed units is 714 which indicates that on an average, each unit is capable of providing employment to roughly 3 persons. Under Industrial segment each unit has potential for providing employment to 4 persons approximately.

It can be concluded that the self-employment scheme has been fairly successful in achieving its twin objective of raising incomes as well as employment generation as can be seen by the changes, in the level of income after establishment of the ventures and also in terms of employment generated not only to the beneficiaries themselves but also to their members and others within the area. A proper implementation of the scheme would no doubt, make these self-employed to stabilise and sustain the impact. Although the achievement under SEEUY scheme may appear to be small, it would definitely make a dent in the national scenario on unemployment as discussed earlier in Chapter I.

Income and Expenditure

Financial assistance extended under the scheme was utilised by the borrowers for investment in capital
goods and to a certain extent to meet the working capital requirements. Impact of the Bank's loan for investing in activities can be assessed in terms of income generated from the activities after the utilisation of the loan. The Table 5.9 gives the monthly income and expenditure pattern per borrower under Industries, services and Business activities, comprising the sample from whom detailed data were collected.

**TABLE 5.9**

BORROWERS' MONTHLY INCOME AND EXPENDITURE PATTERN

(Amount in Rupees)

<table>
<thead>
<tr>
<th>BORROWERS' GROUPS</th>
<th>AVERAGE GROSS INCOME (Rs.)</th>
<th>AVERAGE EXPENDITURE (Rs.)</th>
<th>AVERAGE NET INCOME (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>INDUSTRY</td>
<td>7,900</td>
<td>5,738</td>
<td>2,162</td>
</tr>
<tr>
<td>SERVICE</td>
<td>4,180</td>
<td>3,035</td>
<td>1,145</td>
</tr>
<tr>
<td>BUSINESS</td>
<td>5,838</td>
<td>4,336</td>
<td>1,502</td>
</tr>
<tr>
<td></td>
<td>5,973</td>
<td>4,376</td>
<td>1,603</td>
</tr>
</tbody>
</table>

**SOURCE:** PRIMARY

Table 5.9 clearly reveals that the average net income of the beneficiary was Rs.1,603 per month for all the categories put together. Among different groups
of borrowers, the industrial sector earned on an average, highest net income of Rs.2,162 per month. Next in importance, was the Business group with Rs.1,502 and service group with Rs.1,145 as average net income per month. The expenditure works out to 73% of the gross income in all the three sectors for the entire sample of beneficiaries.

Major reasons for the investments in not generating regular and adequate incomes are as follows.

i) Activities for the entrepreneurs in many cases were chosen by the implementing agencies (DICs) as a matter of routine without considering the aptitude and skill of the beneficiaries for such activities.

ii) Absence of proper market survey and non-preparation of location specific schemes taking into account local demand etc., has resulted in certain areas over-crowding in activities vis-a-vis the demand for goods and services, which had obvious bearing on income generation.

iii) Lack of steady supplies of inputs.

iv) Lack of effective post disbursement supervision and effective follow-up by banks.
v) Absence of provision of post-disbursement assistance by DICs in regard to arrangement for suitable premises/sheds, power connection, necessary linkages etc.,

vi) Improper maintenance of assets following lack of training facilities for familiarisation with such equipments, lack of technical know-how of the borrowers and their incapacity to run small enterprises as viable commercial ventures.

Assets were found in good condition in 177 cases accounting for 67.2% of the total surveyed.

Out of 264 cases, assets were not found in the case of 25 borrowers (9.5%), assets were sold out in 25 cases (9.5%), assets were not even purchased in 30 cases (11.3%), assets were reported to be stolen/damaged in 7 cases (2.5%).

Table 5.10 clearly reveals the details of holiday period allowed by banks to the beneficiaries. The scheme has a provision that the repayment of loan in instalments begins after an initial moratorium ranging from 6 months to 18 months. However, out of 264 beneficiaries 165 beneficiaries (63%) reported
TABLE 5.10
DETAILS OF HOLIDAY PERIOD ALLOWED BY BANKS TO THE BENEFICIARIES

<table>
<thead>
<tr>
<th>PERIOD IN MONTHS</th>
<th>NUMBER OF BENEFICIARIES</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>INDUSTRIAL SECTOR</td>
</tr>
<tr>
<td>4 - 8</td>
<td>88</td>
</tr>
<tr>
<td></td>
<td>(62)</td>
</tr>
<tr>
<td>9 - 13</td>
<td>44</td>
</tr>
<tr>
<td></td>
<td>(31)</td>
</tr>
<tr>
<td>14 - 18</td>
<td>11</td>
</tr>
<tr>
<td></td>
<td>(7)</td>
</tr>
<tr>
<td>TOTAL</td>
<td>143</td>
</tr>
<tr>
<td></td>
<td>(100)</td>
</tr>
</tbody>
</table>

(FIGURES IN BRACKETS INDICATE PERCENTAGE TO THE TOTAL)

SOURCE: PRIMARY

that the recovery of loan had started immediately after the disbursement of loan within 4 to 8 months. From this, it is evident that banks had not followed the rules in this regard. Early start to repayment has made the beneficiaries financially overburdened and this has in turn affected the overall efficiency of their units. Banks reduce the holiday period for the purpose of early recovery of loan. Gestation period should be scrupulously and rigidly enforced.
Period of Repayment of Loan

The repayment of loans is to be made in several instalments by the beneficiaries and these instalments range over a period of 36 to 84 months (3 to 7 years) depending upon the nature and profitability of the ventures and loan amount. 229 out of 264 beneficiaries are coming under the monthly instalments of 48 to 68. However, in most of the cases as reported by the beneficiaries the Bank had adopted the same pattern for the borrowers as far as number of instalments is concerned. This information was counter checked with the bank official and the authenticity of the information has been confirmed. On an average, banks have fixed 54 monthly instalments for Industrial Sector, 56 monthly instalments for service sector, and 57 monthly instalments for Business sector. This indicates that banks had not followed the norms stipulated in this regard owing to certain practical problems. This shows the interest of the banks in the recovery of dues. A flexible approach in the repayment schedule may be arranged depending on the trend in the generation of income in different sectors. This would not only provide a cushion to the borrowers but also eliminate the overdue which is created without any relation to the realities of situation.
Since this is recently introduced, it is very difficult to evaluate its performance. The maximum number of instalment period runs to 7 years and hence, the complete performance could be studied only after 1990. If holiday period is taken into account the period may be little extended to 8 years. If a loan is disbursed in the month of October, 1983 after a holiday period of 6 months, the first instalment will commence in May, 1984. The period of loan is 5 years and ends only in May, 1989. From May, 1984 to May, 1988 (survey conducted in the month of June, 1988) to total instalments, works out 49 months. But the actual instalment period allowed is 60 months. Still the permissible time for repayment is not over. Therefore, 49 months can be taken for evaluating the promptness of repayment. On this basis the performance of repayment is analysed.

Recovery Performance

In order to understand the performance of the scheme it is essential to analyse the repayment position of the beneficiary and connected problems of the banks.
The recovery aspect assumes greater importance particularly under the scheme as the project cost is met both by the bank loans to the extent of 75% and subsidy to the extent of 25%. As per the RBI's guidelines, the repayment of loan should be made in monthly instalments which begins after a lapse of 6-18 months. It is otherwise called initial moratorium or holiday period and allowed by banks to the extent of 3 to 6 months for industrial sector and 1 to 3 months for both service and business sectors. This aspect is verified through field survey. It seems that the lending banks are not strictly observing the RBI's guidelines for granting holiday period. However, in most of the cases as reported by the beneficiaries the Banks had adopted the same pattern for the borrowers as far as number of instalments is concerned. In most of the cases, the recovery of loan had started immediately after the disbursement of loans and the banks have not strictly followed the rules in this regard. Banks reduce the holiday period for the purpose of early recovery of loan. Early start for repayment has made the beneficiaries financially over-burdened and this has in turn affected the overall efficiency of their units. Hence recovery should be
done in a fashion that serves the interests of the borrower and the banks as well.

Data on repayment of loan made by the beneficiaries had also been collected from the beneficiaries and it was found that about 55% of the total sample beneficiaries had not been able to repay the dues. Unsatisfactory repayment position and mounting overdue were observed uniformly in almost all districts.

Recovery of loan is the responsibility of financing bank. Recovery is a recurring worry for the Bank Managers. Credit being a delicate matter to be handled carefully. The bank has to consider many aspects such as the integrity and antecedents of the applicant, genuineness of the loan requirements, purpose or project intended. Of late, there has been a growing tendency on the part of the bankers to disburse the loan to the beneficiary and file claims under Deposit Insurance and Credit Guarantee Corporation (DICGC) guarantee scheme and content with the 75% of the overdue amount recovered from such organisation.

**Selection of candidates by the DIC**

Task Force Committee was able to spend hardly a few minutes in interviewing each candidate, because
of the large number of persons to be screened in a day. This did not help them in knowing their background, aptitude and integrity. Pressure from political parties is another important factor in the selection of candidates. As a result, the candidates recommended by the DIC Task Force Committee are not the real users of this scheme. It is suggested that the Task Force Committee could fix the target for individual banks but leave the actual selection of candidates to the banks concerned.

In certain cases it was not known whether the borrowers addresses were correct and whether they were pursuing the activities for which they had taken the loan. Some beneficiaries purposefully shifted their residence to some other places or lease their business activities to some other persons without informing the concerned banks. Their main intention is to cheat the bank and misuse the money borrowed. The wilful defaulter knows his game and knows how to exploit the situation. He knows how to take shelter under the rules of the SEEUY scheme. Powerful local leaders are always within his reach. To get correct addresses of the beneficiaries, it is suggested that at the time of interview beneficiaries should be informed that they have to produce their ration card/ Nativitiy certificate to verify their addresses. Fre-
quent visits on the part of branch and DIC officials as a proper follow-up and supervision etc., will improve the recovery position to a greater extent.

Reasons for misuse of the loans was the total absence of stake on the part of the beneficiaries in the scheme. As there was no margin money to be brought by them, and since no security is insisted, a large number of them took the loans with the intention of not repaying them at all. The subsidy part of the loans, considered as free gift, were being misused by the beneficiaries for obtaining the loans and by the officials for granting them.

In the case of assets purchased, generally cheques or drafts are drawn in favour of the dealers or owners of the respective assets. It is gathered from the interview with the Bank Officials that some of the beneficiaries had tacit understanding with the owner of the assets. Cheques drawn in favour of the owner will be converted into cash and handed over the same to the beneficiaries instead of the asset. For this service the owner of the asset gets a commission. This problem could be solved, if reputed dealers are identified by the banks. The Task force can also
recommend to the banks an approved list of suppliers of machinery/equipment/goods in order to avert misuse of loans by the beneficiaries in collusion with bogus/dishonest suppliers.

Rescheduling of loans is one of the steps adopted by banks to ensure flexibility. In this connection it is essential to mention the procedure adopted by banks in the recovery of loans.

Banks take the following steps for recovering the loan from the beneficiaries. First, they send a persuasion letter to the defaulters through registered post. If there is no response from the beneficiary, the banker makes personal visit and appeals to the beneficiary to repay the loan amount. After a lapse of 2 to 3 weeks, they send a legal notice and take legal action against the defaulters. Bankers always provide sufficient time for repaying the loan amount. Legal action is the final step to recover the dues from the beneficiaries. It is a known fact that initiating legal action does not improve recovery performance. In other words, it is a non-recovery step only. Generally banks try to avoid taking legal action against the defaulters, because the bankers
are instructed to remain flexible while dealing with the defaulters and they are also advised to prepare rescheduling. The Task Force can also recommend to the bank a reasonable repayment period and moratorium period so that, the incidence of overdues arising as a result of shorter repayment period could be avoided.

The RBI has also permitted the banks to reschedule in case of bonafide defaulters. It is suggested that the bankers should be provided with the necessary legal teeth to take punitive action against wilful defaulters.

There is a high incidence of misutilisation of loans, wilful defaults, absconding of borrowers, non-starting of units with the loans granted.

On identification of cases of wilful defaults, misuse of loan, clean disposal of assets, abandonment of the unit etc., a list of such cases with brief history of each may be sent branch-wise to the DIC concerned by the controlling office/District co-ordinator of each participating branch and a copy to DCC convenor. A team consisting of representative of DIC, the Branch Manager concerned and the local Tahsildar
should visit the units, hold discussions with the defaulters and make arrangements for the recovery. Wherever police action is called for, it may be recommended to the District collector for immediate action. Stern action should be taken against selected affluent wilful defaulters which will influence other wilful defaulters to pay back the dues. It will create moral fear in the minds of other wilful defaulters.

There should be provision of appropriate incentives in the form of gifts, certificates etc., for those who have paid bank dues regularly and promptly. Classifying the borrowers as 'A', 'B', 'C', 'D' etc., labelling them as "Very good", "Good", "Satisfactory", "Bad" and so on, will help the Manager to focus attention only on bad accounts and leave the rest to the second line managerial staff to deal with them.

Frequent conduct of recovery camps jointly by DIC officials and bankmen and criminal proceedings with police protection against wilful defaulters may, perhaps, improve the recovery position.

Difficulties Experienced

During investigation it was found that certain difficulties were experienced by certain sample benefi-
ciaries while setting up their units, which probably led to delay in starting the ventures. The difficulties experienced by them were multidimensional and are classified under seven heads. viz.,

1. Premises
2. Power
3. Raw materials
4. Employment/Labour
5. Marketing
6. Management and
7. Finance

1. Premises

Problem of acquisition of land and premises for all segments viz., Industries, services and business was the most crucial one. Nearly 60% of the sample beneficiaries reported as experiencing non-availability of shops or sheds. The problems relating to the premises, are by and large summarised below:

1. A few sample borrowers narrated that they have to pay pagadi as also advance rent ranging from Rs.10,000 to Rs.30,000 for a small premises in a good location. This is definitely beyond the capacity of
the self-employed. However, some of them have borrowed outside at higher interest and occupied the premises. Ultimately this resulted in the increase of their financial liability.

2. In few cases the sample borrowers (TVS Moped hiring, Job typing, Hiring Shop, Tailoring etc.) have established their units in other shopping premises with certain understanding.

3. About 35% of the sample beneficiaries established their units in their respective houses. But the premises where the units are housed are too inadequate. Most of the printing units, wet grinder units were housed in the residence of the beneficiaries.

4. In few cases, occupation of premises is found in the places belonging to temples. Since the premises belong to the temple authorities, no door number is allotted. Since the very occupation itself is not recognised by the civic/local authorities, all other facilities like power connection, telephone connection, water connection etc., are denied to them. Such units which are otherwise viable in all respects are not able to start with full capacity due to the particular problem related to premises.
5. In some cases, oral lease or temporary lease was obtained for the immediate establishment of the units in the premises from the owner. Subsequently, the beneficiaries experienced a lot of problems from the owner like hike in the rent, no addition to the structure needed for erection of the units, demanding to vacate the premises for some social reasons etc.

The above problems relating to premises are very important in the implementation of SEEUY scheme as this would lead to the following:

1. Shifting of premises (mostly done without the knowledge of DIC and the banks) result in business loss.

2. Units remain idle or run occasionally due to frequent trouble from the owner of the premises.

3. Heavy investment with higher rate of interest for making advance payment to the owner in fixing up the premises. This takes away the margin/profit and ultimately the repayment of banks dues fall in arrears and

4. Difficulty in getting infrastructure like power, is also experienced due to lack of suitable premises.
This problem can be solved by providing preference to the SEEUY scheme beneficiaries in allotment of sites by State Municipal Authorities, Development authorities, Housing Boards and other Local Agencies. In allotting suitable sheds in industrial estates and lands wherever necessary, preference is to be given by the State Government.

2. Power

Problem of getting power connection is by and large referred to-day by all sections concerned as the most baffling one. This problem has been minimised if not eliminated completely by the introduction of the single window concept. District wise details of meetings held and cases cleared under the single window scheme (01-04-1986 to 31-03-1987) are given in Table 5.11. Please see the Map I page 214.

3. Raw Material

The sample beneficiaries also reported the problem in procuring raw-materials at controlled price in the early stages of their ventures and particularly the beneficiaries of Industrial units had suffered greatly because of this problem. Most of them informed
<table>
<thead>
<tr>
<th>SL. NO.</th>
<th>NAME OF THE DISTRICT</th>
<th>NO. OF MEETINGS HELD</th>
<th>NO. OF APPLICATIONS RECEIVED</th>
<th>NO. OF APPLICATIONS DISPOSED</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Chingleput (Kanchipuram)</td>
<td>12</td>
<td>83</td>
<td>81</td>
</tr>
<tr>
<td>2.</td>
<td>North Arcot (Vellore)</td>
<td>14</td>
<td>277</td>
<td>244</td>
</tr>
<tr>
<td>3.</td>
<td>South Arcot (Cuddalore)</td>
<td>15</td>
<td>98</td>
<td>68</td>
</tr>
<tr>
<td>4.</td>
<td>Dharmapuri</td>
<td>12</td>
<td>324</td>
<td>277</td>
</tr>
<tr>
<td>5.</td>
<td>Salem</td>
<td>10</td>
<td>101</td>
<td>82</td>
</tr>
<tr>
<td>6.</td>
<td>Periyar (Erode)</td>
<td>15</td>
<td>254</td>
<td>218</td>
</tr>
<tr>
<td>7.</td>
<td>Coimbatore</td>
<td>11</td>
<td>277</td>
<td>202</td>
</tr>
<tr>
<td>8.</td>
<td>Nilgiris (Ooty)</td>
<td>9</td>
<td>15</td>
<td>13</td>
</tr>
<tr>
<td>9.</td>
<td>Trichy</td>
<td>10</td>
<td>62</td>
<td>49</td>
</tr>
<tr>
<td>10.</td>
<td>Thanjavur</td>
<td>12</td>
<td>82</td>
<td>74</td>
</tr>
<tr>
<td>11.</td>
<td>Pu‘ukkottai</td>
<td>13</td>
<td>108</td>
<td>99</td>
</tr>
<tr>
<td>12.</td>
<td>Anna (Dindigul)</td>
<td>6</td>
<td>59</td>
<td>51</td>
</tr>
<tr>
<td>13.</td>
<td>Madurai</td>
<td>9</td>
<td>212</td>
<td>181</td>
</tr>
<tr>
<td>14.</td>
<td>Pasumpon (Sivaganga)</td>
<td>10</td>
<td>40</td>
<td>34</td>
</tr>
<tr>
<td>15.</td>
<td>Kamarajar (Virudhunagar)</td>
<td>12</td>
<td>68</td>
<td>60</td>
</tr>
<tr>
<td>16.</td>
<td>Ramnad</td>
<td>10</td>
<td>33</td>
<td>28</td>
</tr>
<tr>
<td>17.</td>
<td>Tirunelveli, Kattabomman including Chidambaranar</td>
<td>10</td>
<td>90</td>
<td>76</td>
</tr>
<tr>
<td>18.</td>
<td>Kanyakumari (Nagercoil)</td>
<td>11</td>
<td>71</td>
<td>59</td>
</tr>
<tr>
<td>19.</td>
<td>Madras</td>
<td>1</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL</strong></td>
<td><strong>202</strong></td>
<td><strong>2263</strong></td>
<td><strong>1885</strong></td>
</tr>
</tbody>
</table>

*PLACE WITHIN THE BRACKET INDICATES THE PLACE OF MEETING HELD IN THE DISTRICT.

**SOURCE:** STATE LEVEL BANKERS COMMITTEE - 36th MEETING.
that they were not able to buy raw material for want of working capital. None of them reported that they have received any assistance in getting raw materials from DIC.

Machinery

Problems in procuring machines (especially in service units and in Industrial units) were experienced by 40% beneficiaries. Where machinery and equipments are required, these are made available as far as practicable, by National Small Industries Corporation and State Agencies concerned through hire-purchase schemes. The beneficiaries are to be educated properly to avail these facilities and get rid of this problem.

4. Employment/Labour

Some of the sample beneficiaries needed skilled workers and these were not easily available at the time of starting the unit. Consequently, 23% of the beneficiaries had faced problem in getting skilled manpower. Almost all the sample beneficiaries informed their difficult situation faced by their units when the hired labourers who have rich experience in the field left the units abruptly when they got higher
monetary offer elsewhere. Ultimately the units of the self-employed suffer.

5. Marketing

Almost all the sample beneficiaries have reported that they experienced certain marketing problems.

The major problems related to marketing are given below:

a. Credit sales
b. Lack of contact/canvassing
c. Lack of publicity
d. Intense competition

a. Credit sales

About 42% of the sample beneficiaries informed that they sell their products on credit basis, and there by the money is blocked. Some of the industrial units have reported that the bills are realised after 3 to 4 months. Hence, for initial investments, they borrow outside at a higher rate of interest.

b. Lack of contact/canvassing

Some of the borrowers informed that they did not have sufficient time for making marketing investi-
gation. As most of the borrowers are new to this self-employment ventures, they seldom indulged in canvassing.

c. Lack of publicity

Almost all the sample beneficiaries opined that they could not afford to give publicity through any mass media like TV, AIR, Newspapers etc., as it is very costly.

d. Intense competition

Particularly for the industrial units like bakery, coffee powder, confectionery, soap, agarbathy, printing etc., these nascent units have to face competition from the popular brand of the same product.

6. Management

Most of the beneficiaries as could be observed from the Table 5.3 do not possess adequate know-how or entrepreneurship for effective management of their units irrespective of their level of educational qualification. This aspect is very important for the self-employment venture as discussed in Chapter I because everything is to be managed by the self-employed individual. Further, Non-maintenance of proper and upto
date accounts and lack of proper planning are the common chronic features of the surveyed units. These factors are also responsible for either mismanagement or under-management of the units resulting in sickness.

7. Finance

Credit is the life blood of any industry. The financial assistance with the provision of subsidy to the extent of 25% of the capital extended was not adequate in certain cases to meet all the expenses of the ventures. About 20% of the units are limping for want of additional finance in the form of working capital. As there is no provision for additional loan facilities, extra investments were made out of borrowed funds with heavy interest, the beneficiaries preferred to clear private loans first before repaying the Bank's dues. This also resulted in heavy overdues in their loan accounts with the banks.

All these difficulties ultimately affected the overall performance of the ventures. Greater the difficulties greater the non-performance of units resulting in lesser growth of investment, employment, etc.
Pattern of Official visits and assistance from DICs and Banks to the ventures

The District Industries Centres in close liaison with Lead Banks monitor the implementation of the scheme at the district level. The utilization of funds by beneficiaries and the progress of their work can be examined by visiting their ventures. Information from beneficiaries about the frequency of the visits made by the officials of DICs and Banks has revealed that 85% of the beneficiaries reported that officials had visited their ventures. Mere visiting the ventures is not sufficient, since the frequency and periodicity of their visits has a considerable role. Data on periodicity of their visits revealed that the pattern of visits by the officials is not uniform in all the sample districts. Taking all the sample districts together, it was observed that the visits made by the officials to the venture had been almost monthly in the case of 15% beneficiaries. Nearly 10% beneficiaries reported that the officers visited their ventures once in three months. In more than 55% cases, the visits had been very rare as one or two visits in a year.
The analysis of data on the periodicity of the visits indicated that the frequency of visits to the ventures was confined to a limited number which does not encourage healthy atmosphere in this programme. The main purpose of visits had been to see the existence of the units rather than assessing the progress of work.

Less than half of the respondents, 42% have suggested that the officials should adopt a sympathetic and non-discriminatory attitude towards the beneficiaries.

The analysis of data regarding the level and nature of help rendered by DICs to the beneficiaries revealed that the role of DICs has been limited in most cases. It is learnt from the sample beneficiaries that they get little help or no help from the DIC.

Though 80% of the sample beneficiaries have been registered under SSI which are eligible for concession/priority in allotment of raw material etc., very little assistance is received by them from the DIC.

There is an urgent need to look into the matter for better co-ordination between the beneficiaries
and the DICs, on the one hand and DICs and Banks on the other. Banks do not give any priority to the entrepreneurs recommended by DICs. Banks complain that the DICs do not examine all the aspects of a project which are normally considered.

When the matter was taken up with the officials concerned, the main hitch reported by them is inadequate staff to take the follow-up action for each individual unit. Poor staffing position and unwillingness considered to be another serious lacunae. Moreover several posts of functional managers are also vacant. Some DICs have no fully qualified personnel as managers. In the above situation the performance of DICs in general has not been satisfactory in the selection of beneficiaries, identification of suitable activities and preparation of schemes, making arrangements for providing proper infrastructural support to beneficiaries (such as arranging for power connections for starting projects, supply of necessary inputs, marketing facilities for products, etc.). Hence, it is high time that a review of the manpower requirement for the DIC is made in view of the proper and effective implementation of SEEUY scheme.
A number of beneficiaries identified belonged to the affluent section of the society or were already engaged in business or other employment. Some of the schemes/projects were not viable from the beginning. In some cases of misutilisation, DICs did not initiate any action even when instances were brought to their notice by the concerned banks. Hence, lack of awareness/willingness/seriousness on the part of DICs is yet another major handicap for the efficient implementation of SEEUY scheme.

Level of Knowledge about the subsidy

As per the scheme, the beneficiaries are provided assistance from the Government in the form of an outright capital subsidy to the extent of 25% of the loan disbursed to the beneficiaries from the Banks. The subsidy is not released to the beneficiary in cash and the subsidy portion is kept as fixed deposit which is held by the Banks under the name of the beneficiary and it earns interest. The total financial requirement of the project is given by the Banks in the form of a composite loan. When three fourths of the loan amount due is repaid by the beneficiary, the balance one-fourths is adjusted finally by Banks against the deposit as subsidy in the name of the beneficiary.
When the beneficiaries were asked the linking of the procedure adopted in subsidy, it was rather strange to note that very few of them had the proper knowledge of subsidy and the procedures involved in the scheme. Even some of the beneficiaries reported that they had no knowledge of the subsidy under the scheme. About 10% out of total beneficiaries in the sample, did not have any knowledge of the subsidy in the scheme. Due to inadequate knowledge about the programme, the scheme lacks the co-operation and spirit of participation from the beneficiaries. Participation of beneficiaries is an essential condition for the success of this programme.

After giving detailed information about the procedure of subsidy in the scheme, about 20% of the total beneficiaries in the sample did not favour the existing procedure of subsidy and they wanted the amount of subsidy to be paid in cash in the first instance.

General views

Probing into the views of the loanees in this regard it has been found that all selected borrowers opined that the scheme was useful and effective in
terms of reduction in unemployment among the educated youth. However, there was some reservation regarding the upper limit of the loan amount, which was considered insufficient to start activities. It is suggested that the maximum permissible sum may be fixed at Rs. 50,000 for industrial ventures, Rs. 30,000 for service ventures and Rs. 20,000 for business ventures.

The beneficiaries who were not satisfied with the procedures, have suggested certain remedial measures. Simple and clear procedure, selection as well as disbursement of loan by single agency (Department), early decision and prompt service and disbursement of total loan in cash, were the main suggestions of the dissatisfied beneficiaries.

Future Plans for expansion

90 Sample borrowers accounting for 34% of the total, had no immediate future plans for expansion. In other words, they were satisfied with their present level of activities. Another 106 borrowers accounting for 40% desired to expand their activities and required further loans for the same. The remaining 68 borrowers accounting for 46% planned to start some other activities along with the present ones if additional loans were made available to them.
Based on the interviews with the bank officials the following observations are made: From the bank's point of views SEEUY scheme is a highly laudable scheme. It provides employment opportunities not only to the entrepreneurial self-employed, but also to some other persons by engaging themselves in their ventures directly or indirectly. The progress and future of this scheme mainly depend upon proper identification and honesty of the beneficiaries.

Proper rethinking is necessary before getting embroiled too deeply in the SEEUY scheme trap. Like so many developmental employment programmes of the past, the SEEUY scheme is also developing lacunae, during its implementation. The programme was basically designed to benefit the educated unemployed youth. But as the study shows, the identification of the educated unemployed youth for this programme is not properly effected.

Cases of Non-borrowers

Fifty non-borrowers were interviewed mainly to collect factual information and to ascertain the reasons why they were not covered under the SEEUY scheme. All these non-borrowers were educated atleast upto secondary school level. They were unemployed
for one to five years, 20 for over one year, 10 for two years, 6 for three years, 4 for four years and 10 for five years. Excepting 4 of them, all non-borrowers were aware of the scheme learning mostly from local newspaper and also from friends and DIC officials. Non-borrowers were economically dependent on their families. However, 2 non-borrowers have some temporary employment and were earning nominal wages. All the non-borrowers considered the scheme as useful for those who wanted self-employment. However, 14 accounting for 28% of them, were not interested to be covered under the scheme, as they wanted jobs and not self-employment. 8 non-borrowers wanted further training and experience before they can commence self-employed ventures.

6 Non-borrowers applied to the DIC for loan under SEEUY scheme, but their applications were not recommended by it till the date of survey. Another 6 non-borrowers were interested in taking financial assistance from bank, but not under SEEUY scheme and the amount of loan was too small for their requirements. However, 6 of them did not have clear idea about the scheme and 10 were undecided earlier but wanted to be covered now.
It is clear from the Table 5.12 that 20% of the non-borrowers were potential borrowers under SEEUY scheme. Another 12% might be interested when they learn more about the scheme in detail. But 28% of them wanted to earn wage or salary from job employment and not self-employment.

TABLE 5.12

REASONS FOR NON-COVERAGE UNDER "SEEUY" SCHEME

<table>
<thead>
<tr>
<th>REASONS</th>
<th>NO. OF SELECTED NON-BORROWERS</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. APPLICATION NOT RECOMMENDED BY DIC</td>
<td>6</td>
<td>12</td>
</tr>
<tr>
<td>1A. UNDECIDED EARLIER BUT NOW WILLING TO BE COVERED</td>
<td>10</td>
<td>20</td>
</tr>
<tr>
<td>2. INADEQUACY OF THE SANCTIONED LOAN AMOUNT</td>
<td>6</td>
<td>12</td>
</tr>
<tr>
<td>3. NOT INTERESTED IN SELF-EMPLOYMENT</td>
<td>14</td>
<td>28</td>
</tr>
<tr>
<td>4. DESIROUS OR FURTHER TRAINING EXPERIENCE</td>
<td>8</td>
<td>16</td>
</tr>
<tr>
<td>5. NO CLEAR IDEA ABOUT THE SCHEME</td>
<td>6</td>
<td>12</td>
</tr>
<tr>
<td>TOTAL</td>
<td>50</td>
<td>100</td>
</tr>
</tbody>
</table>

SOURCE: PRIMARY
In short, the scheme has ideal objective but it is not properly realised by some beneficiaries. The utilisation is not upto the expected level. One would not argue that the scheme should be withdrawn on the ground of misutilisation. Dr. S. Chandrasekar sharply pointed out "Every socially necessary service or institution is bound to be abused by a microscopic minority. But the abuse of a socially useful device is no argument against the device itself. We do not condemn razors, useful for shaving, because a few use them to commit suicide or homicide, nor do we close up our tanks and wells because some people are drowned in them".

In fact, the success or otherwise of any scheme would highly depend on the honesty and efficiency of the beneficiary. From the analysis it is proved that in most cases non-repayment of loan was the major obstacle in the development of the scheme.

From the survey it is learnt that out of 50 beneficiaries 42 beneficiaries have registered their names in the employment exchanges. But they have not secured any employment through exchange. On an average, they have waited for a period of three years.

This compels them to go in for self-employment. In other words, they are forced to avail SEEUY scheme, which fact is proved from the above analysis. The remaining beneficiaries who have not registered their names with the employment Exchanges are the frustrated ones. As otherwise many could have evinced keen interest in self-employment.