CHAPTER VII

SUMMARY OF FINDINGS AND SUGGESTIONS

The empirical findings of this investigation have been analysed in detail and summarised at various stages in the present study. In order to arrive at the broader generalisations, it is necessary to recapitulate the major findings of the study. It may now be possible to combine these into a more orderly interpretation of the aspects of the social and economic systems of an underdeveloped region as related to the specific characteristics of the self-employed. It must be emphasised at the very outset that the present study does not attempt to present another facet of the general theory of self-employed and it cannot also be claimed that all the important factors of self-employment have been identified.

The problem of chronic unemployment of educated youth has been one of the most persistent and unsolved problems baffling the Government eversince independence. It is a hydra-headed monster and the Government has no alternative but to fight it out on all fronts with a heterogeneous variety of weapons.
A scientific understanding of nature and causes of unemployment problems would pave the way for devising effective measures of amelioration, poverty, economic recession, rapid growth of population, faulty planning, pursuit of wrong educational policy, backwardness of agriculture, rationalisation and modernisation, slowing down of production rate in some industries, migration of rural youth to urban areas, poor man-power planning in addition to other causes have all contributed to the growth of educated unemployment to monstrous proportions.

Poverty and unemployment are cruel but curable in one sense. Unemployment may be classified under the following heads:

1) Frictional Unemployment
2. Seasonal Unemployment
3) Structural Unemployment
4) Technological Unemployment
5) cyclical Unemployment

Unemployment in India is structural in nature because the productive capacity is inadequate to create a sufficient number of jobs for all those who are able and willing to work.
Of all the evils of a modern society, unemployment is the worst. It demoralises the people who lose self-respect, breeds contempt for the society and compels the unemployed to resort to evil practices like decoity, robbery, murders, pickpocketing etc. Mass unemployment may even endanger political stability. Prolonged unemployment causes psychological damage. Longer the period of unemployment of an individual the less employable he becomes. Hence, unemployment represents a steady deterioration in the capacity of human beings.

With a view to reduce the seriousness of unemployment problem and by considering the social-economic importance of employment of Government, the Government of India has introduced several self-employment opportunities in the small village and cottage and tiny sectors. To solve the unemployment problem among the educated urban poor, SEEUY and SEPUP schemes have been launched.

On a close observation of the various schemes that are specially designed and implemented in the country for generating additional employment opportunities, it is found that they are mostly temporary
measures. The nature and magnitude of the unemployment problem cannot be overcome overnight through some palliatives. An integrated approach is indeed the sine-qua-non of the various schemes for the planned economic development of the nation. The programmes sponsored by Government and/or Commercial Banks, which are 29 in number have to be operated on a war-footing, so that benefits of these go only to the poorest of the poor. Hence, the strategy, content, procedure, condition, implementation machinery etc. of the programmes will have to be completely restructured and revamped. The programmes should not remain merely target oriented, but large amount of funds should be deployed for monitoring and evaluation.

The scheme for providing self-employment to educated unemployed youth (SEEUY) scheme was formulated by the Government of India, in consultation with the Reserve Bank of India, in October, 1983, aims at encouraging educated unemployed youth to undertake self-employment ventures in Industry, service and Business through provision of a package of assistance including Bank credit. It covers all youths in the age group of 18 to 35 years with minimum qualification of Matriculation. All areas of the country excepting cities
with a population of 10 lakhs and above are brought within the purview of this scheme.

The scheme is implemented jointly by Government agencies and Banks. At the district level, District Industries Centres (DICs) are responsible for formulation of self-employment schemes, their implementation and monitoring of progress. Selection of beneficiaries is done by a Task Force constituted for the purpose.

The target fixed for the scheme is 2.5 lakhs youths in a year in the country. Initially, the scheme was to be implemented only in 1983-84, subsequently it was extended to 1984-85 and again to 1985-86. In 1986-87 it was decided to extend the scheme to the remaining period of the seventh plan, viz., upto 1989-90.

Originally, the maximum amount of loan granted to a borrower was fixed at Rs.25,000/- . From 1986-87, the maximum amount for industrial ventures has been raised to Rs.35,000/- but business purposes it has been reduced to Rs.15,000/-, whereas for services, the amount remained unchanged at Rs.25,000/-. According to the directives of the scheme, 50% of the total number should be sanctioned for industries and loan
for business should not exceed 30%. A minimum of 30% of loans are reserved for scheduled castes/scheduled tribes. The Banks do not require a collateral guarantee of owner's contribution as margin.

The beneficiaries selected will be eligible for capital subsidy from the government, computed at 25% of the total amount of loan. The subsidy will be released to Banks after disbursement of the loan. It is not, however, released to the borrower. The subsidy portion is kept as a fixed deposit which is held by the Banks under the name of the borrowers and earns interest rate applicable to the relevant term of maturity. Assets created by Banks loan is mortgaged to the Bank till full repayment of loan is made.

The repayment of loan is made in instalments beginning after an initial moratorium ranging from 6 months to 18 months. The repayment period stipulated can range from 3 to 7 years taking into consideration the repayment capacity of the borrowers as assessed by the branch.

The responsibility for recovery of loan fund will be that of the Banks concerned. They should, therefore, ensure proper supervision of the loan.
The number of loans sanctioned during the past six years i.e., 1983-84 to 1988-89 is decreasing whilst the amount of loan sanctioned during this period recorded an upward trend. The national average of the loan sanctioned for the first three years, 1983-84 to 1985-86 stood at Rs.16,565, Rs.18,773, and Rs.19,040 respectively representing 66.26%, 75.09% and 76.16% of the eligible loan amount of Rs.25,000/-.

Uttar Pradesh ranked first in the year 1983-84 in sanctioning more number of loans and its contribution to the national performance accounted for 15.20%. Tamil Nadu ranked fourth in this respect. Five States, namely Uttar Pradesh, Maharashtra, West Bengal, Tamil Nadu and Madhya Pradesh accounted for more than 51% of national performance.

In the year 1984-85, the state which stands first in availing benefits under SEEUY scheme is Uttar Pradesh, and the total number of persons benefited came to 34,400. In 1984-85, the states occupying the first four places in the number of loans sanctioned have retained the same position as regards the amount of loans sanctioned, as in the previous year.
In the year 1985-86, Bihar stood first in the total number of loans sanctioned followed by Uttar Pradesh, West Bengal, Tamil Nadu and Madhya Pradesh. Bihar, West Bengal, Tamil Nadu and Madhya Pradesh ranking first, third, fourth and fifth places respectively as regards the number of loans sanctioned, have occupied first, second, third and fifth places respectively as regards the loan amount sanctioned.

In the year 1986-87 Uttar Pradesh stood first in the total number of loans sanctioned followed by Bihar and West Bengal. Kerala and Tamil Nadu have together contributed 48% of the loan sanctioned at the national level.

Progress of SEEUY scheme in Tamil Nadu during 1983-89 envisages a target coverage of 1,02,550 lakhs beneficiaries. Even though the physical targets are achieved every year, in respect of sanctions, the actual disbursement was of the order of 73% only in Tamil Nadu. There is a wide gap between the sanctions and disbursements of loans by Banks. Approximately 27.3% of the sanctioned loans have not been disbursed due to one reason or the other.
Out of 300 selected sample beneficiaries classified according to their involvement as Industrial, service and Business segments, it has not become possible to contact 36 beneficiaries due to the 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 was out of station on more than one occasion.

The majority percentage of borrowers (about 36%) belong to the age groups 31-35 years. Although the eligibility age for applying under the scheme is 18 to 35 years, only 5% of the sample were found in the age group 18-20 years.

Out of 264 sample beneficiaries 84.1% represent males and the balance i.e. 15.9% represent females.

About 10.5% of sample beneficiaries belong to Scheduled Caste/Scheduled Tribes. Only 3% of sample beneficiaries were Muslims as against 86.5% of Hindus, to have derived benefits from the SEEUY scheme.

Out of 264 beneficiaries only 20 are married. the beneficiaries belong to medium size families with an average of 7 members consisting of 4 adults and 3 children.
About 61% of sample beneficiaries were Matriculates, 19% upto PUC/PLUS, 2% upto Graduation and 5% upto Post-Graduate levels.

It was observed out of 264, 46 beneficiaries possessed some technical qualification, 130 borrowers had absolutely no experience in the field activities selected.

No practical training was provided at DIC level to the respondents as per the scheme.

Out of 264 beneficiaries 239 beneficiaries have registered their names in the Employment Exchanges.

60% of the sample beneficiaries are aware of the scheme through newspapers and advertisements. The other important sources were Banks and DIC officials. 54 out of 264 beneficiaries have come to know about the scheme through the Bank and DIC officials and their percentage was 12 and 8 respectively.

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 selected on the advices of the DIC Task Force and 16 by Banks and 34 by friends and relatives.
Among the total sample of 264 beneficiaries, 54.1% were granted loans for Industrial segment which was by and large required as per the guidelines to encourage establishment of more industrial units.

Under Industrial segment, most popular activities are grill works, printing press, and Bakery unit. Xeroxing and wet grinders are mostly preferred under service sector. The popular schemes under Business category are cycle shops and Electrical goods shops.

Among the units under SSI, it is found that around 80% are registered under SSI.

There are 68% respondents who have stated that the clauses are difficult to follow. 72% of the respondents have suggested that as the prevalent loaning procedures are extremely cumbersome, they should be simplified.

Out of 264 beneficiaries, 66 cases accounting for 24.9% of the total time lag between the date of sanction and the date of disbursement by Bank branches was inadequate for meeting their requirements.

227 out of 264 beneficiaries, have opined that the interest rate charged is reasonable. The remaining
37 beneficiaries have considered the rate of interest as very high.

82.5% of the total sample beneficiaries were not satisfied with the service rendered by the staff of Banks, DICs and Government Departments.

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).

The average net income of the beneficiaries 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.

Assets were found in good condition in 177 cases accounting for 67.2% of the total of 264.

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%) and assets were reported to be stolen/damaged in 7 case (2.5%).
Out of a total of 264 beneficiaries, 165 (63%) reported that recovery of loan had started immediately after the disbursement of loan within 4 to 8 months.

229 out of 264 beneficiaries are coming under the monthly instalments of 48 to 68. The Bank had adopted the same pattern for the borrowers as far as number of instalments is concerned. This shows the interest of the Banks in the recovery of dues.

55% of the total sample beneficiaries had not been able to repay the dues.

Difficulties experienced by the beneficiaries were multidimensional and are classified under seven heads such as

1) Premises
2) Power
3) Raw Materials
4) Employment/Labour
5) Marketing
6) Management
7) Finance

85% of the beneficiaries reported that officials had visited their ventures, without giving the needed counselling.
42% have suggested that officials should adopt a sympathetic and non-discriminatory attitude towards the beneficiaries.

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 the first instance.

90 sample borrowers accounting for 34% of the total have no immediate future plan for expansion. 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, once the additional loans were made available to them.

Fifty non-borrowers were interviewed mainly to collect factual information and to ascertain the reasons why they were not covered under the SEEUY scheme. 14 accounting for 28% of them were not interested to be covered under the scheme, as they wanted only jobs and not self-employment. 8 Non-borrowers wanted further training and experience before they could take up 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 set of 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 meeting their requirements. However, 6 of them did not have any clear idea about the scheme and 10 were undecided earlier but wanted to be covered by it now.

Based on the above findings as formulated in the present study, the following are the important suggestions given, which if implemented in toto would ensure the success of the SEEUY scheme.

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.
The Banks have to consider many aspects such as the integrity and antecedents of the applicant, genuineness of the loan requirements, purpose or project intended.

The Task Force Committee could fix the target for individual Banks but leave the actual selection of candidates to the Banks concerned.

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/Nativity certificates to verify their respective addresses. Frequent visits on the part of the branch and DIC officials as a proper follow-up and supervision etc., will improve the recovery position to a greater extent. The Task Force can recommend to the Banks an approved list of suppliers of machinery/equipment/goods in order to avert misuse of loan by the beneficiaries in collusion with bogus/dishonest suppliers.

Rescheduling of loans should be adopted by Banks to ensure flexibility.
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 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 a provision for 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 instituting criminal proceedings with police protection on wilful defaulters may perhaps, improve the recovery position.

Premises 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 Loan Agencies. In alloting suitable sheds in industrial estates and lands wherever necessary, preference is to be given by the State Government.

The beneficiaries are to be educated properly to purchase raw materials at controlled price 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. Review of the manpower requirement for the DIC is to be made in view of the proper and effective implementation of SEEUY scheme.

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, are the main suggestions for the effective implementation of the scheme.

Loans should be sanctioned evenly throughout the year. The bunching of applications at the end of the financial year should be discouraged with a view to affording a reasonable time to the Bank branches for taking proper decision on the merits of each case.

The application form should be in regional language, drastically simplified and standardised. The beneficiary should be advised to affix his recent passport size photograph on the application form which can help greatly in identifying the borrower.

Not more than 20 applicants should be interviewed in a day so that adequate time for discussion with applicants, counselling etc., would be available.

Sanction or rejections with reasons, should be disclosed by Banks within 15 days after pre-sanction inspection to the beneficiary.

The beneficiaries have to be helped to get local body licenses and electricity supply and this has
to be monitored both by the Branch Manager of the Bank and officials of the DIC, so that delay could be averted in the single window clearance meeting that are held every month.

Pre-sanction appraisal and Post-disbursement supervision should be done meticulously by the Banks and DIC's for proper identification and selection of deserving beneficiaries. Careful study of the borrower's background, integrity, whereabouts and examination of the economic stability, and technical feasibility of the project, the borrower's capacity to arrange things and overcome the challenges of the business are to be made, to identify the deserving entrepreneurs to provide loan under the SEEUY scheme.

The Banker has to safeguard his interest through periodic reviews, follow-up and supervision. There should be periodical meetings among them to discuss the problems confronted in the implementation of the scheme.

Adequate training should be imparted to the SEEUY beneficiaries by the DIC.

Simple manuals must be prepared for the use of those personnel to enable them to impart worthwhile training to the beneficiaries.
Suitable training courses meeting the requirements of different levels of personnel will have to be designed.

Suitable syllabi and teaching material including case studies, may be prepared for wide distribution and adoption by all the implementing agencies.

Decentralisation and delegation of powers to Regional and Branch Managers are to be made for implementing the scheme effectively.

To avoid difficulties the DIC officials should render necessary assistance to the beneficiaries in filling up the forms, wherever necessary. District Industries Centres may publish Dos and Don'ts exclusively to enable the SEEUY beneficiaries to follow.

Borrowers should be educated to clearly understand their obligations to the Banks and trained for proper use of credit including ethic of repayments.

Banks should adhere strictly to the norms prescribed by the RBI for the implementation of the scheme.

Pre-sanctioned appraisal and post-disbursal supervision should be done meticulously by the Banks and the DIC officials.
There is a greater need for close co-operation between the DIC and the Banks in the matter of post-sanction follow-up and recovery of loans.

In conclusion, it can be categorically stated that the SEEUY scheme is really a worthy and laudable scheme well directed towards curbing of ever growing problems of unemployment in the country as witnessed in the recent years. Over the last six years viz., 1983-89 the scheme has greatly helped a larger number of youth to get self-employed and hence self-dependent. However, there were plethora of problems - both internal and external, some of which could be controlled through proper selection of candidates as also the activities for them. A careful and proper appraisal of the scope of the activities in the area of scheme implementation, becomes very essential. Necessary arrangements for providing training facilities to the candidates in various facets of organisation and administration of a unit, punched with periodical counselling will, no doubt, ensure the eluding success of the scheme.