CHAPTER V

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I. SUMMARY OF THE FINDINGS

a) PROGRESS OF SEEUY/SCHEME IN INDIA

One of the major problems faced by the Indian Economy is the problem of unemployed ever since independence this problem was prevailing but suitable steps were not taken in the early stages to put an end to this problem. The magnitude of unemployment has been increasing year by year and according to the planning commission estimate on the eve of the First Five Year Plan 3.3 millions were jobless and it has reached a total of 22 millions by the year 1983. One noted feature is that the total number of unemployed have increased by 300% within a span of 10 years only 5.10 millions were unemployed in 1971 whereas it has gone up to 17.84 millions in the year 1981.

Another important noted feature of the unemployment problem is that, percentage of educated unemployed out of the total unemployed persons has been steadily increasing. In the year 1961, 32.2% of the unemployed were educated unemployed and this percentage has gone up to 50.8% in the year 1983. So the main problem of the government is not only to provide employment to the unemployed but the jobs created should be suitable for the educated youth of India.
In the early years of Indian economic planning, the strategy of maximisation of employment opportunities was not considered to be an important objective of planning. It was assumed that employment opportunities will automatically improve as a result of economic growth. Up to the Fourth Five year Plan a definite employment policy was not created by the Government. It was, for the first time during the Fifth Five Year Plan the basic emphasis has laid on the removal of unemployment problem. The major thrust was given in the Sixth Five Year Plan on the removal of unemployment and the plan target of employment generation was 49.26 millions in terms of man years. Many employment generation programmes like National Rural Employment Programme (NREP) Rural land less Labour Employment Guarantee Programme (RLEGP) and Self Employment to Educated Unemployed Youth (SEEUY) etc were started to increase the employment potential in India.

At most importance was given to SEEUY Scheme as it is meant for educated unemployed and it aims at providing self employment. SEEUY Scheme was started initially with a target of providing self employment to educated persons for 2,50,000 people per year from 1983-84. The same target continued upto 86-87. Later on the original target of providing employment to 2,50,000 persons per year was reduced by 50% for the years 1987-88 and 1988-89. District Industries Centres all over the country has been given the operational responsibility to implement this scheme.
at the district level with the co-operation of the branches of commercial banks.

b) OPINIONS OF THE BENEFICIARIES ABOUT THE SEEUY SCHEME

The success of the scheme was analysed based on the satisfaction derived by the beneficiaries. The extent of satisfaction derived by beneficiaries was analysed by identifying the suitable factors which should satisfy the beneficiary. The analysis reveal the following conclusions.

From the answers given by the respondents for the suitable questions passed on them it was found that 98% of the respondents were satisfied with the rate of interest charged for the loans given under this scheme and 2% of them were not satisfied. 90% of the beneficiaries were satisfied regarding the option given to them to select the branch and 10% of them were not satisfied as they were not given any choice to select the lending bank. For the question passed on them to know the nature of response from the banker 99% of them were satisfied with the banker's response and 1% of them replied negatively. Similarly regarding the treatment given by the banker 68% of the beneficiaries felt they were given normal treatment. 29% of them were fully satisfied and 3% of them were not satisfied with the treatment given by the banker. Regarding time taken by the banker to sanction the loan 18% of them were fully satisfied 75% of the respondents
derived normal satisfaction. 5% of them were not satisfied and 2% of them were unhappy about the time taken by bank.

74% of the respondents derived normal satisfaction on the time taken by the bank to credit the account 19% of them were fully satisfied about the time taken, whereas 7% of them replied negatively. All the respondents (100%) were fully satisfied as they did not incur any expenditure to get the loan sanctioned. Similarly all the beneficiaries (100%) were satisfied and they felt that the banker's visit is not causing any inconvenience to them and they also replied that banker does not interfere in the regular conduct of business. But 98% of the beneficiaries were not satisfied with the bankers as they did not provide any additional capital and 2% of the beneficiaries were satisfied with the additional facilities given by the banker. Regarding the number of visits made by the beneficiary to District Industries Centre, level of satisfaction of 15% of the respondents was high, 55% was normal, 22% was below normal and 8% was very low. 99% of the respondents were fully satisfied with the reply given by District Industries Centre and 1% of them were unsatisfied with the reply. As far as the suggestions given by District Industries Centre to select their project, 93% of the respondents were not satisfied and 7% of them were satisfied with the suggestion given by District Industries Centre.
With regard to the various projects provided by District Industries Centre for reference 68% of the beneficiaries were not satisfied as they did not make use of the projects. Whereas 32% of them were satisfied as they have used it. 29% of the beneficiaries were highly satisfied that their applications were processed quickly, 58% of the beneficiaries were just satisfied, and 13% of them were unsatisfied as they felt that the time taken was unnecessarily a long time. All the respondents (100%) were satisfied that they did not incur any expenditure to process their application in District Industries Centre on the contrary all beneficiaries (100%) were net-dissatisfied with the District Industries Centre as it did not help the beneficiaries either to get the Power Connection or the required raw material. But 84% of the beneficiaries felt that help rendered by District Industries Centre is essential and 16% were not satisfied with its working and they felt that its help is not essential. 78% of the respondents were satisfied with the procedure for sanctioning the loan and 22% were not satisfied with the procedure.

C) EXTENT OF BENEFICIARIES' SATISFACTION ON THE IMPLEMENTATION OF SEEUY SCHEME

The beneficiaries' satisfaction on the implementation of SEEUY scheme was measured with the help of Average tables, two way tables and chi square test.
The average tables and two way tables reveal that the female respondents are more satisfied than the male respondents. Graduates and technically qualified are more satisfied than the less educated, the beneficiaries with rich experience are more satisfied than the respondents with less experience in the industrial field. The beneficiaries who were employed prior to borrowing are less satisfied than the beneficiaries who were unemployed but were assisting their relatives or friends. The beneficiaries with small families are more satisfied than the beneficiaries with medium and big families. The respondents belonging to single member earning family are more satisfied than the beneficiaries belonging to multimember earning family.

The respondents who borrowed for service units are more satisfied than the trading unit owners and their satisfaction is higher than that of industrial owners also. The respondents who borrowed before 1985 and after 1987 are more satisfied on the implementation than those who started during the year 1985-87. The beneficiaries who borrowed Rs.20,000 and less are more satisfied than those who borrowed more than Rs.20,000. The respondents who have invested some personal amount are more satisfied than those who depended fully on borrowed amount. The borrowers who have promptly repaid and those who have partially repaid are more satisfied than those who have totally unpaid, on the implementation of the SEEUY Scheme.
However there are contradiction in the results of average tables and two way tables in the following two factors. As per the average table the young members are more satisfied than the aged members but the two way tables shows an opposite situation. Secondly in the case of community classification the Forward Community respondents are more satisfied than the Backward Community people as per the average tables but it is contradictory as per the results of two way table.

When chi square test was conducted on the above factors, none of the results were significant. As per this test none of the factors are having relationship with satisfaction on the implementation of the SEEUY Scheme.

In order to identify the problems faced by beneficiaries in the implementation of SEEUY scheme discussions were held with the District Industries Centre officials, bank officials and also with the beneficiaries. After presenting the problems and suggestions, possible remedial measures were made in this chapter.

II. PROBLEMS FACED BY BENEFICIARIES

1. HIGH PRICE OF RAW MATERIALS AND INCREASED COST OF PRODUCTION

The self employed youth who start their units in a small scale are able to buy only small quantities of raw materials which results in high purchase price that increases the cost of
production due to which they are not able to compete with other bigger units.

2. PROBLEMS IN MARKETING THE FINISHED PRODUCTS

As a small entrepreneur the beneficiary is not able to spend for advertising or arrange for separate channel for the sale of his products or appoint sales representatives to sell the goods. Hence he finds it very difficult to compete with the established big units.

3. PROBLEMS IN RUNNING THE UNIT IN RENTED PREMISES

The loans provided under the scheme is sufficient only to buy the machineries and equipment and to meet the working capital expenses. The borrowers cannot acquire buildings for their requirements. So most of the borrowers have the difficulty of getting accommodation to run their units. If the borrowers approach the private building owners, they demand a large amount of advances and the rent charged by them is also high. Some of the units started under SEEUY scheme require premises in the heart of the city. The rent for such premises in the busy localities is very high with the result they shift their premises to the remote corners due to which they are not able to procure enough orders.
4. PROBLEMS RELATING TO POWER

The size of the units started under SEEUY scheme is considerably small, their requirement of power is also minimum and even such units are restricted from operating their units during powercut period. This affects the viability of the units. In some cases due to inordinate delay in getting power connection, they are not able to commence their production in time.

5. PROBLEM OF BORROWER'S SICKNESS

The borrower's ill health affects the continuity of the unit and there is a risk of default of repayment to the bank.

6. HIGH RATE OF INTEREST

Most of the beneficiaries of the SEEUY schemes are not able to pay the principal money borrowed because the money repaid was adjusted first, towards interest due. As the bankers charge compound interest, it becomes a heavy burden on the borrower.

7. MORATORIUM PERIOD

After getting the loan from the bank sufficient time is required to implement the project and the gestation period for improving the business is long. Though the Government has prescribed the moratorium period from 6 to 18 months, the bankers usually permit only 6 months. So the borrower finds it very
difficult to start repayment of the loan immediately after 6 months. Hence the default begins during the initial period itself.

8. HEAVY COMPETITION

The small manufacturers are not able to compete with large manufacturers in many aspects such as minimising the cost of production, sales promotion, advertising etc. This leads to huge difficulties in marketing their products.

9. INSUFFICIENCY OF LOAN AMOUNT

In the increasing price level an amount of Rs.25,000/= sanctioned under SEEUY scheme is not sufficient for meeting both fixed and working capital requirements. In some cases applications for viable projects which costs more than Rs.25,000/= are rejected as it is above the prescribed limit.

10. NO INCENTIVE FOR PROMPT REPAYMENT

Out of the beneficiaries very few who are successful in running their business are able to repay the instalments in time. As there is no incentive for prompt repayment even the genuine borrowers become defaulters in due course.
III. SUGGESTIONS FOR THE IMPROVEMENT OF IMPLEMENTATION OF SEEUY SCHEME

1. SUPPLY OF RAW MATERIALS AT CONCESSIONAL RATE TO SMALL SCALE UNITS

In order to reduce the cost of production of the products manufactured by the beneficiaries of SEEUY scheme, the Government can supply the raw materials at concessional rates and exempt the raw materials purchased by these units from excise duty, sales-tax etc. In case of scares, raw materials the same can be distributed through District Industries Centres and the government can grant even subsidy for certain selected items of raw materials.

2. ARRANGEMENT OF MARKETING CHANNELS BY DISTRICT INDUSTRIES CENTRE AND GOVERNMENT PURCHASES FROM THE SMALL PRODUCERS

The Government can start sales emporiums in different centres and the items produced by the borrowers can be collected through District Industries centre and marketed through these Emporiums. District Industries centre can act as an intermediary to collect orders of the government departments such as postal department, Schools, Colleges and Public Sector units and divert these orders to the entrepreneurs who have started their business under SEEUY scheme.
3. PROVIDING WORK SHEDS TO SMALL PRODUCERS AT CHEAPER RATES

If District Industries centre can arrange for accommodation for several such borrowers at a common place, suitable infrastructure such as good transportation, communication, common godowns and workshop facilities can be arranged. Units like typewriting institutes and trading concerns require premises in a busy locality. Corporations can let out the shopping complexes constructed by them at cheaper rates without getting high amount of advances.

4. ENSURING POWER SUPPLY AT CHEAPER RATES

Government should give priority in giving power connection to the tiny sector. The small units should be given power connection immediately when they apply for power. During power cut these units should be given exemption. The power supply should be given to these units at concessional sales.

5. INTRODUCING NEW INSURANCE SCHEMES TO COVER THE RISK

Government through the Insurance corporations can introduce a new scheme which will cover the risk suffered by the entrepreneur when he is unwell and also to cover loss suffered by the business due to his ill health.
6. REDUCING THE RATE OF INTEREST CHARGED UNDER SEEUY SCHEME

Since the business is being run on a small scale the beneficiary can not afford to pay high rates of interest. The Government can reduce the rate of interest on loans and simple interest may be charged.

7. MORTARIUM PERIOD CAN BE EXTENDED

Though the Government prescribes the moratorium period from 6 to 18 months the bankers permit only 6 months. Hence the bankers must be compelled to grant the full period of moratorium, so that the borrower will be in a position to repay the instalments comfortably. Along with that by reducing the amount per instalment the years of repayment may be extended by a further period of 5 years.

8. RESERVATION OF PRODUCTS EXCLUSIVELY FOR TINY SECTOR

The production of some of the products can be exclusively reserved for SEEUY scheme. This can relieve such units from the marketing problem.
9. INCREASING THE AMOUNT OF LOAN SANCTIONED UNDER SEEUY SCHEME

In deserving cases the government should permit the banks to increase the loan amount up to a maximum of ₹1,00,000/= if the proposed project is a viable one.

10. REMISSION IN INTEREST RATES FOR PROMPT REPAYMENT

In order to encourage repayment of loans promptly the rate of interest charged should be reduced for prompt repayers. For those who have fully repaid the loan, if further loans are required for expansion they should be encouraged by giving them priority in sanctioning the loan.