CHAPTER 1

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INTRODUCTION AND DESIGN OF THE STUDY

INTRODUCTION:

Unemployment Constitutes a serious economic, Social and Political problem facing the Indian Economy. In its economic aspect the existence of large number of unemployed people means a tragic waste of human resources and the resultant deprivation of Society of the goods and services, the unemployed could produce.

Unemployment is normally found in all market economics irrespective of their level of development. In does not remain confined only to unskilled workers. Often a sizable number of skilled workers, sometimes even those who have good training in sophisticated technologies, fail to get jobs for long periods. Even if these workers are willing to accept jobs at the prevailing wage rates, their services are not required by those who have control over productive resources.

During the past three and a half decades, population in this country has grown at an alarming rate of 2.2. Percent per annum and with it the number of people coming to labour market in search of jobs has also increased rapidly, whereas due to inadequate speed of economic growth, employment opportunities have failed to increase at the desired pace.
The unemployment in the Country can be broadly classified as (i) Urban Unemployment and (ii) rural unemployment. The Unemployment in urban areas in India may be further classified into (a) Unemployment among educated persons called the educated unemployed and (b) Unemployment among industrial workers. The classification is essential to stress the seriousness of the growth in educated unemployed in India. For an educated person, not to find a job after all the hopes and dreams built during the period of acquiring education, brings a great amount of disillusionment and frustration.

The problem of Urban Unemployment has assumed two forms, first the failure of the industrial sector to grow at a faster rate to absorb the growing urban population which has resulted in industrial unemployment. Secondly expansion of general education has created unending demand for white collar jobs which the country's urban economy has failed to meet. Thus the ranks to educated Unemployed continues to swell.

According to the Ministry of Labour and Employment, the number of educated Unemployed was around 2.44 lakhs in 1951. It rose to 9.2 lakhs in 1966 and 32.8 lakhs in 1972. The Planning Commission suggested that at the beginning of 1980 approximately 34.72 lakhs educated persons were Unemployed. Using the same approach as in the Sixth Plan unemployment among the educated people worked out to 47 lakhs\(^1\). The figures indicate

1. Indian Economy- S.K.Mishra and V.K.Puri
   Himalaya Publishing Company, Delhi - Page 197.
that over the past three and a half decades educated unemployed has considerably increased. In 1985 it was about 20 times more than that in 1951.

Though the educated youth (age 15-29 years) constituted 11.5% of the corresponding labour force, they accounted for 33.2% of the total unemployment, 23.8% at Secondary level and 9.4% at the level of graduate and above. It is distressing to note that unemployment among the educated is higher than among uneducated.

The total number of total registration of unemployed persons increased by as much as 67% over the period 1981-86 to reach a total of nearly 30 million by November, 1986. The number of vacancies notified and placement actually declined by about 26.27% over 1981-85. Vacancies as a proportion of total registrants declined further from the low level of 5% in 1981 to 2.5% in 1985 as did the corresponding proportion of placement from 2.8% in 1981 to 1.4% in 1985.

Socially the unemployed become alienated against the social order owing to frustration and anger against the system that cannot provide them with work. If unemployment persists very long, the disillusioned persons who are without work can become a potential source of danger to the political stability of the society because they are prone to be attracted to subversive

1. India's economic problems - J.S. Uppal
Page - 336.
elements in society. The recent Naxalite movement in India and youth unrest in Sri Lanka are some indications of Political instability resulting from the serious unemployment problem in South Asia.

The Educated unemployed is a serious and menacing problem, as the educated being very vocal, can spread dissatisfaction and cynicism against the political and economic structure. They become easily prone to the revolutionary movements aiming at the destruction of the economic and political order which cannot provide them with work.

With the increase in unemployment problem income generating capacity of the people comes down. So per capita income of the country becomes less. Due to the low per capita income, and widespread poverty, common people in the country do not have much ability to save. When the savings do not increase Capital formation in the country becomes slow, with the result the government is not able to carry out many of the projects and to hasten the industrial development of the country. So unemployment problem and industrial development of the country is dependent on one another. It is the duty of the government to break the vicious circle at one stage by solving the unemployment problem.
A lasting solution to these problems is employment oriented rapid economic growth. Since in our mixed capitalist economy, Private and co-operative sectors Co-exist with the tiny Public sector, the government committed itself to a policy of employment generation in all the sectors. It is a known fact that Production in Public sector is highly capital intensive and thus the scope for creation of fresh employment in this sector is reduced.

Therefore Government decided particularly to concentrate on Policy measures seeking to influence the private demand and utilisation of man power in the Private sector. This required great emphasis on self-employment ventures in agriculture cottage and small industries. To meet the requirements of educated unemployed the government has undertaken a number of schemes whereby these persons are assisted to establish their own units. The emphasis on self employment scheme seem to have increased in recent years. One of the important schemes announced by the Government of India to solve the problems of the educated unemployed is scheme for providing "self employment to educated unemployed youth" (SEEUY).

2. STATEMENT OF THE PROBLEM:

Though the Government has introduced several schemes to solve the unemployment problem the only scheme specifically meant for educated unemployed is SEEUY scheme. To implement
this scheme effectively a streamlined procedure has been established and followed. Suitable guidelines are also given to District Industries Centre and to Commercial banks for the effective implementation of the scheme. The above two institutions are also putting forth their maximum efforts in the implementation of the scheme.

The prime aim of the scheme is to achieve self employment opportunities to educated youth and its second aim is its effective implementation of the scheme for the benefits of the youth.

The number of employment opportunities created by the scheme can be easily known by way of taking into account the number of borrowers. As the loan amount per borrower is limited the additional jobs created by these borrowers will also be limited and that can be gathered by mere enquiries.

The present study relates to the second aim viz., the extent to which the scheme is effectively implemented among the beneficiaries. The effectiveness in implementation can be evaluated only by gathering the opinions of the beneficiaries of the scheme on various aspects in implementation procedure.

The study takes into account the effectiveness of the scheme and probes into deriving the answers for the questions:
i) The extent to which the SEEUY scheme beneficiaries are satisfied with the implementation of the scheme.

ii) The factors which are having relationship with beneficiary satisfaction.

3. SCOPE OF THE STUDY:

This study aims to probe the extent to which beneficiaries are satisfied on the implementation of SEEUY scheme.

4. OBJECTIVES OF THE STUDY:

This study has the following objectives:

1. To analyse the seriousness of unemployment problem, the governmental steps to solve the unemployment problem and progress of SEEUY Scheme.

2. To measure the beneficiaries satisfaction on the implementation of SEEUY Scheme.

3. To identify the factors having relationship with beneficiary-satisfaction.

4. To identify the problems faced by the beneficiaries in the course of implementation and to offer suggestions for better implementation of the scheme.
5. METHODOLOGY:

This study is empirical in nature based on survey method. Primary data relating to respondents were collected through personal interviews and the data relating to the scheme were collected from books, journals and District Industries centre. The discussions were made possible with the officials of the District Industries centre and commercial banks during the time of identifying the problem.

6. TOOLS FOR STUDY:

i) Interview schedule for the respondents:

The Interview schedule for the beneficiaries of this scheme was constructed to collect data relating to the respondent's borrowing, nature of business, his age, experience, his opinion on the implementation of the scheme etc.,

ii) Data Sheets:

In order to gather the data relating to, the progress of the scheme, number of applicants, amount sanctioned etc., the data sheets are used.

7. SAMPLING DESIGN:

Though Coimbatore District is having a net work of textile and Engineering units employing large labour force, Unemployment
still looms large as a great problem. The position of educated unemployed as per the live register of employment exchange in Coimbatore District is as follows:

Graduates 9943; Matriculates around 8000 people and technically educated around 3800 people. Thus providing employment opportunities becomes essential and the study on the SEEUY scheme in Coimbatore has been considered a necessity to determine the objective of the present study.

For the purpose of the study 100 beneficiaries are selected at random from among those who borrowed for trade, service and industry. They are selected from the registers maintained by the lending banks. The respondents are belonging to Coimbatore city and surrounding areas. The field work for the study has been conducted during the period between 1988 October and February, 1989.

8. FRAME WORK OF ANALYSIS:

The general plan of analysis ranged from simple descriptive statistics and tests of hypothesis. The extent and variation of satisfaction have been measured through the scale called beneficiary - satisfaction scale on the basis of scoring scheme. In addition to the simple average tables, Two way tables, chi-square tests and percentages of variation have been presented to enlighten the data.
9. CHAPTER SCHEME:

The first chapter consists of the introduction and the design of the study. This includes introduction, statement of the problem, scope of the study, objectives of the study, methodology, tools, sampling design, frame work of analysis and chapter scheme.

The second chapter presents magnitude of Unemployment in India, creation of employment during plan period, Government schemes to counter the problem of unemployment, SEEUY scheme and its progress, Administrative set up and implementation procedure of SEEUY scheme.

The third chapter deals with profile of the district, SEEUY scheme in Coimbatore District, and opinions of beneficiaries on the implementation of SEEUY scheme.

The fourth chapter presents the extent to which the beneficiaries are satisfied on the implementation of the SEEUY scheme.

The final chapter deals with the summary of the findings, the problems faced by the beneficiaries during the course of implementation of the scheme and suitable suggestions for improving the implementation of the scheme.