CHAPTER II

EVOLUTION - PROGRESS AND IMPLEMENTATION OF SEEUY SCHEME IN INDIA
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EVOLUTION, PROGRESS AND IMPLEMENTATION OF SEEUY SCHEME IN INDIA

MAGNITUDE OF UNEMPLOYMENT IN INDIA:

Most of the underdeveloped Countries are basically characterised by the problem of Unemployment and underemployment. Unemployment has always been a challenging and frustrating problem to the economists and administrators both in developing and developed economies. The problem of employment assumes great importance due to the fact that every year with the growth in population, a certain percentage is added to the labour force who have to be provided with jobs and employment opportunities in India. Unemployment has become a complex phenomenon which is relatively easy to notice but hard to define.

The draft Sixth - Five year plan (1978-83) document established that in March 1978 unemployment in India was 20.6 millions. The committee on Unemployment appointed by Government of India in 1970 to assess the extent of unemployment and underemployment put the likely number of unemployed persons in India in 1971 at 18.7 million, out of which as many as 9 millions were totally unemployed while 9.7 millions had work for less than 14 hours a week and therefore were treated as Unemployed.1

<table>
<thead>
<tr>
<th>Year</th>
<th>Employment Exchange data</th>
<th>Census data</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Totally unemployed</td>
<td>Educated</td>
</tr>
<tr>
<td>1961</td>
<td>1.83</td>
<td>0.59</td>
</tr>
<tr>
<td>1971</td>
<td>5.10</td>
<td>2.30</td>
</tr>
<tr>
<td>1981</td>
<td>17.84</td>
<td>9.02</td>
</tr>
<tr>
<td>1983</td>
<td>21.95</td>
<td>11.16</td>
</tr>
</tbody>
</table>

Most alarming form of Unemployment today is educated unemployed. Special feature of this type of Unemployment is that it consists of those young job seekers on whom the society has invested its most recent resources.

Table No.1 indicates the extent of unemployment problem in India. The main point to be noted is that percentage of educated Unemployed out of the total has been steadily increasing. In the year 1961 it was 32.2% and it has gone up to 50.8% in the year 1983. One noted feature in the table is that the total number of people unemployed have increased by 300% within a span of 10 years. Only 5.10 million were unemployed in 1971 whereas it has gone up to 17.84 million in the year 1981.

A review has been made by the Ministry of Labour and employment during 1961-66 and during 1980-81 to know the volume of job seekers for different occupations and the No.of vacancies available. In the early years the number of vacancies were more than the job seekers for professional, technical, administration, clerical and service jobs, but vacancies were less than the job seekers in the case of workers trained for production and unskilled workers. The trend in early eighties was that for all catagories of jobs the number of job seekers were more than the number of vacancies available.
<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Professional, Technical and administrative jobs</td>
<td>0.097 (5.53%)</td>
<td>0.121 (21.23%)</td>
<td>0.846 (4.76%)</td>
<td>0.215 (23.99%)</td>
<td></td>
</tr>
<tr>
<td>2. Clerical, Sales and related</td>
<td>0.087 (4.96%)</td>
<td>0.148 (25.96%)</td>
<td>0.984 (5.03%)</td>
<td>0.152 (16.96%)</td>
<td></td>
</tr>
<tr>
<td>3. Service</td>
<td>0.069 (3.94%)</td>
<td>0.053 (9.3%)</td>
<td>0.086 (0.49%)</td>
<td>0.041 (4.58%)</td>
<td></td>
</tr>
<tr>
<td>4. Production and related</td>
<td>0.174 (9.93%)</td>
<td>0.119 (20.88%)</td>
<td>1.197 (6.74%)</td>
<td>0.144 (16.07%)</td>
<td></td>
</tr>
<tr>
<td>5. Unskilled and workers not elsewhere</td>
<td>1.326 (75.64%)</td>
<td>0.129 (22.6%)</td>
<td>11.741 (82.97%)</td>
<td>0.344 (38.39%)</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1.753</strong></td>
<td><strong>0.57</strong></td>
<td><strong>17.766</strong></td>
<td><strong>0.896</strong></td>
<td><strong>913</strong></td>
</tr>
</tbody>
</table>

Source: Govt. of India, Ministry of Labour, Employment review 1961-66 and Employment review 1980-81
Table No. 2 indicates that the total number of all job seekers in general, and unskilled job seekers in particular, increased by about 1000% over the 20 years, but the total number of vacancies notified in these categories increased by a lesser degree.

2. CREATION OF EMPLOYMENT DURING PLAN PERIOD:

Though removal of Unemployment has been a proclaimed objective of India's economic planning, yet in all the plans, so far implemented, one does not find any reference to a long term employment policy with a bold approach to tackle the unemployment problem in a forthright manner. However, in each plan some term measures were listed but how far they succeeded in tackling Unemployment problem remains a guess.

The First Five Year plan provided for a total outlay of Rs.2069 Crores in the course of five years and the hope expressed was that, this outlay would initiate a process of development which would raise living standards and provide more varied life. The specific schemes and measures did not however make any appreciable differences to the employment situation and the First Plan ended with a backlog of 5.3 million unemployed.

The Second Five Year plan gave a slightly better emphasis to the objective of employment generation. The second
plan located employment for only 8 million in the non-agricultural sector and about 2 million in the agricultural sector.

The Third plan began with a backlog of unemployment of about 7 million, new entrants to the labour force who were estimated at about 17 millions. The plan envisaged the creation of 14.5 million jobs during 1961-66 - 10.5 million in the non-agricultural and 4.00 millions in the agricultural sector. During the Third Five Year plan period employment in organised sector increased from 12.09 millions to 15.46 millions i.e., by 27.9%. The third plan ended with a backlog of unemployment of about 10 millions.

The approach of the Fourth Five year plan was also not definite as far as direct employment generation is concerned and the plan was started with a backlog of at least 13.1 million unemployed. With new entrants to the labour force during 1969-1974 a total of 40.5 million persons were in the employment market during the period. It was for the first time during the fifth Five year plan that the basic emphasis was laid on the removal of poverty and attainment of self-sufficiency rather than a simply increased investment.

The employment policy envisaged in the Fourth five year was greatly influenced by the report of the International labour organisation (ILO) on world employment programmes published

in the late sixties. The report had forcefully argued for "the integration of employment creation to economic development through the maximum possible productive use of available labour to accelerate economic growth and more particularly to substitute labour for scarce capital where this is economically feasible".

Under the Fifth Five year plan a high priority was accorded for the removal of unemployment. Like the fourth Five year plan the fifth plan also stressed on the selection of labour intensive project as far as possible. The planning Commission was categorical in stating that Unemployment problem could not be solved merely by wage employment. It asserted that major efforts would have to be made for generating self employment opportunities.

The objectives of the Draft sixth plan (1978-83) were formulated differently. It gave priority to the achievement of near full employment conditions throughout the country within few years. The major thrust of the Sixth plan was on the removal of unemployment and the significant under employment. The plan target of employment generation was 49.26 millions in terms of man-years. The Seventh plan lays emphasis on the harnessing of the country's abundant human resources and improving their capabilities for development.
**TABLE NO.3**

Plan wise Magnitude of Unemployment in India (Millions)

<table>
<thead>
<tr>
<th>Five year plan</th>
<th>Backlog of Unemployment</th>
<th>New Entrants</th>
<th>Additional employment provided</th>
<th>The gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>First plan (1951-56)</td>
<td>2.3</td>
<td>9.0</td>
<td>7.0</td>
<td>4.3</td>
</tr>
<tr>
<td>Second plan (1956-61)</td>
<td>3.2</td>
<td>11.4</td>
<td>10.9</td>
<td>4.5</td>
</tr>
<tr>
<td>Third plan (1961-66)</td>
<td>7.1</td>
<td>17.0</td>
<td>14.5</td>
<td>9.6</td>
</tr>
<tr>
<td>Fourth plan (1969-74)*</td>
<td>13.1</td>
<td>27.3</td>
<td>18.4</td>
<td>22.9</td>
</tr>
<tr>
<td>Fifth plan (1974-79)</td>
<td>16.0</td>
<td>28.0</td>
<td>25.0</td>
<td>19.0</td>
</tr>
<tr>
<td>Sixth plan (1980-85)</td>
<td>20.6</td>
<td>29.5</td>
<td>49.2</td>
<td>1.9</td>
</tr>
</tbody>
</table>

* Includes back log of 4 million at the end of 1968-69

Source: perspective Five year plans.
## TABLE NO. 4

Employment Profile of the Seventh Plan  
(Million standard person years)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Estimated employment in 84-85</th>
<th>Projected employment in 85-90</th>
<th>Increase in Employment in 7th plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Agriculture</td>
<td>96.108</td>
<td>114.092</td>
<td>17.984</td>
</tr>
<tr>
<td>2. Mining and quarrying</td>
<td>1.153</td>
<td>1.494</td>
<td>0.341</td>
</tr>
<tr>
<td>3. Manufacturing</td>
<td>26.790</td>
<td>33.466</td>
<td>6.676</td>
</tr>
<tr>
<td>4. Construction</td>
<td>10.427</td>
<td>12.624</td>
<td>2.197</td>
</tr>
<tr>
<td>5. Electricity</td>
<td>1.031</td>
<td>1.498</td>
<td>0.467</td>
</tr>
<tr>
<td>6. Railways</td>
<td>1.544</td>
<td>1.688</td>
<td>0.144</td>
</tr>
<tr>
<td>7. Other transports</td>
<td>9.440</td>
<td>11.810</td>
<td>2.370</td>
</tr>
<tr>
<td>8. Communication</td>
<td>0.951</td>
<td>1.224</td>
<td>0.273</td>
</tr>
<tr>
<td>9. Other services</td>
<td>39.261</td>
<td>49.165</td>
<td>9.904</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>186.705</strong></td>
<td><strong>227.061</strong></td>
<td><strong>40.356</strong></td>
</tr>
</tbody>
</table>

Source: Seventh Five year plan - 1985-90, Planning Commission,  
Government of India, New Delhi.
Table No.3 reveals the backlog of Unemployment during the five year plans. The number of persons who were unemployed has been doubled between the second five year plan and the third plan and it has increased to 13.1 million in the fourth five year plan compared to 7.1 million in the third five year plan. So it is clear from the table that the unemployment problem was acute during the fourth and fifth five year plan periods and it has considerably reduced in the sixth five year plan due to the new schemes introduced by the Government of India.

A considerable expansion in the job opportunities for educated manpower may be expected in the seventh plan due to technological advancement and expansion of activities in the various sectors of the economy. Table No.4 reveals the increase in employment in the seventh plan.

Table No.4 indicates the increase in employment opportunities in the Seventh Five year plan. The expected increase is substantial in the field of Agriculture, Manufacturing activity, Construction activity and other services. If the Seventh Five year plan is implemented as per the target, then the educated unemployed may be benefited to a certain extent but the problem will not be completely solved.
3. GOVT. SCHEMES TO COUNTER THE PROBLEM OF UNEMPLOYMENT:

The Government has introduced various programmes from time to time to counter the problem of unemployment. Some of these programmes are being listed below:

a. Crash scheme for rural employment (SRE)
b. The operation Flood II Dairy Development project
c. Integretated Rural Development programme
d. Rural Artisan programme
e. Marginal farmers and Agricultural labourers programme
f. Fish Farmer's Development Programme
g. Integrated Dry land Agricultural Development
h. Minimum Needs programme
i. Small Farmers Development agencies
j. National scheme of Training to Rural youth for self employment
k. Agro-Service centres
l. Food for work programme
m. National rural employment programme
n. Antyodaya programme
o. Area Development schemes
p. The 20 point programme
q. Self employment for urban poor (SEUP)
r. Self employment for educated unemployed youth (SEEUY)
s. Jawahar Rozgar Yojana to provide employment to the poor people of the villages.
The Planning commission has set up a 15 member steering group on Employment strategy with Dr. C.M. Hanumantha Rao, Member, Planning Commission, as chairman. The steering group will make an over all assessment of employment and unemployment situation at the national as also at the State and regional levels including backward areas and Hill/Tribal areas and separately for Public and Private sectors. It is expected that the group will examine the progress of labour absorption particularly of educated man power in the organised and unorganised sector of the industry. The steering group will formulate the elements of employment strategy consistent with the over all plan objectives and consider the feasibility of evolving a time bound plan for fuller employment by 2000 A.D.

The Government of India announced two employment schemes, one for self employment of educated Unemployed in Urban areas, and the other for landless labour. Under the scheme for educated unemployed young man and women (matriculates and above) up to the age of 35 years have been give bank loans upto Rs.25,000/- for self employment schemes in Industries, business and services sponsored by District Industries Centre. The scheme is expected to benefit 2.50 lakh educated unemployed per year. On the other hand the scheme for unemployment generated among landless labour is for providing jobs during the hardship days of the lean agricultural season in the poverty prone areas. Atleast one member of each landless labour family is expected to get employment upto 100 days in a year.
4. SCHEME FOR PROVIDING SELF EMPLOYMENT TO EDUCATED UNEMPLOYED YOUTH (SEEUY) AND ITS PROGRESS.

The scheme for providing self employment to educated unemployed youth is intended to provide opportunities of employment and income through creating productive assets. The objective of the scheme is to encourage the educated unemployed youth to undertake self employment ventures in Industry, Service and Business, through the provision of financial assistance. The scheme aims at providing self employment to the educated youth who are not able to muster their own capital. The scheme was started in 1983-84 with the objective of providing self employment to about 2.50 lakh educated unemployed youths through Industry, service and business routes in each year. All areas of the country except cities with more than one million population as per 1981 census are covered under this scheme.

PROGRESS:

The SEEUY scheme aims at providing self employment to two lakhs and fifty thousand educated Unemployed youth by the year 1984, the overall quantum of funds to be provided by the banking system in the country. For this scheme the banks have placed around 325 crores which is about 1% of the total bank credit at the end of June 1983. Advances granted under the scheme will be eligible for inclusion in bank priority sector advances.
As on March 31st 1984 13,65,606 applications were received of which 2,40,604 application have been sanctioned aggregating to Rs.397 crores. The amount disbursed stood at Rs.149 crores. The amount of subsidy released to the banks up to the end of June 1984 was Rs.22.82 crores covering 53,888 beneficiaries.

Number of beneficiaries to be assisted during 1984-85 was fixed at 2,50,000 the same as in the previous year. The Progress reports received indicate that 8.97 lakh applications were received by the District Industries centre task force, out of which 3.68 lakh cases were recommended to the banks during the year 1984-85. The Banks had sanctioned loans amounting to Rs.429.53 crores in respect of 2.29 lakh applications as on 31st March 1985.

During 1985-86 Banks sanctioned loans amounting to Rs.429.99 crores to 2.21 lakh beneficiaries against the target of 2.50 lakh beneficiaries. Out of the target set for 1985-86, 50% of the loan is to be distributed to Industries, 30% for trading and 20% for service units.

Number of beneficiaries to be assisted during 1986-87 was fixed at 2.50 lakhs, the same as in the previous two years.


The proportion of Industrial ventures to be sanctioned during the year out of the total target set for each state is to be not less than 50% and that of business venture not more than 30% of the total cases sanctioned. However relaxation was made in respect of hilly areas of Arunachal Pradesh, Assam, Mizoram, Nagaland, Sikkim and Tripura. In these areas minimum proportion of Industrial ventures was 30% instead of 50% and there was no upper ceiling enforced on the share of business ventures.

Changes in SEEUY scheme during 1986-87:

From the year 1986-87, candidates trained in Industrial Training Institute (I.T.I) are also eligible for assistance under the scheme for Industrial and service ventures. A sub target of 30% for scheduled castes/scheduled Tribes beneficiaries was set. The other modification introduced in the scheme from 1986-87 have been a ceiling on the family income of beneficiaries of Rs.10,000 per annum and enhancement of limit of loan per beneficiary for Industrial venture from Rs.25,000 to 35,000 with a reduction from Rs.25,000 to Rs.15,000 for business ventures. During the year 1986-87 as per provisional data available in respect of reporting banks, an aggregate amount of Rs.455.12 crores has been sanctioned to 2.19 lakh beneficiaries upto March 1987.

Following the report that Commercial banks had rejected a large number of loan applications under the scheme-Reserve

Source: 1 Reserve Bank of India - Annual Report 86-87.
Table No. 5

AMOUNT OF LOANS SANCTIONED BY THE NATIONALISED BANKS UNDER SEEUY SCHEME

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of cases in Lakhs</th>
<th>Amount Rs. in Crores</th>
</tr>
</thead>
<tbody>
<tr>
<td>1983-84</td>
<td>2.42</td>
<td>401.54</td>
</tr>
<tr>
<td>1984-85</td>
<td>2.29</td>
<td>429.53</td>
</tr>
<tr>
<td>1985-86</td>
<td>2.21</td>
<td>429.99</td>
</tr>
<tr>
<td>1986-87</td>
<td>2.19</td>
<td>455.12</td>
</tr>
</tbody>
</table>

Bank of India conducted during the year 1986-87 a study to determine the reasons for such rejections.

**Exemption from Selective Credit Control:**

The beneficiary who has borrowed loan under SEEUY scheme may like to take up processing or manufacturing or trading activities in commodities covered by selective credit control. The question of allowing complete exemption from the purview of selective credit control with reference to advances granted for such purposes under the scheme has been examined by Reserve Bank of India. It has been directed by Reserve Bank of India that irrespective of the fact that such advances may be provided to units engaged in processing manufacturing or trading, such advances under the scheme shall be completely exempted from the purview of selective credit controls.

Table No.5 shows the amount of loans sanctioned by the Government of India through the branches of Nationalised Banks in the country. The number of persons who should be benefited under the scheme has been fixed at 2,50,000 per year from the year 1983-84. The same target continued up to the year 1986-87. The target during 87-88 was reduced.

Source 2: Reserve Bank of India - Bulletin Volume XXXVIII May 1984-No.4
to 50% of the original target. The target fixed for the year 88-89 remained the same as in the year 1987-88.

5. **Administrative set up and Implementation procedure of self employment to educated unemployed youth scheme:**

**Administrative setup:**

**At the top level:**

Central Government is the top most authority for the implementation of SEEUY scheme. Central Government has given the overall responsibility to Development Commissioner, Small Scale Industries (DCSSI) for implementation of the scheme with the assistance of Banking Division of Ministry of Finance. DCSSI will allot the physical targets for the states.

**At the Medium level:**

The target fixed for each state by the Development Commissioner, Small Scale Industries has to be implemented at the state level. Industries Commissioner and Director of Industries and Commerce is responsible for implementation of this scheme at State level. It will allocate the physical targets for the State among the District Industries Centres.
At the bottom level:

The District Industries centres all over the country has been given the operational responsibility to implement this scheme at the district level.

Procedure for implementation:

The scheme covers all educated unemployed youth who are matriculates and above and within the age group of 18 to 35 years and whose family income is not more than Rs.10,000/- per annum. The Government is very particular that the benefits of the scheme should be enjoyed by the poorer sections of the society who have got the capacity to start the business of their own but do not have the financial strength to start their own unit. The implementing authority should be very careful to see that the relatively affluent sections of the society do not avail the benefits from the scheme. A minimum of 30% of the total sanctions has been reserved for schedule castes and schedule tribes.

Eligibility:

1. The applicant should be a matriculate (class X passed) or above.

2. He should belong to the age group of 18 to 35 years
3. With effect from 1986-87 ITI passed youth would also be applicable for Industries and services and are not eligible for Business ventures.

4. Women and technically trained persons will be given due consideration/weightage.

5. The applicant should be unemployed at the time of applying for the loan.

6. The applicant should have been trained or experienced in the field for which loan is required.

7. The applicant's family income should not exceed Rs.10,000/- per annum.

8. He should not belong to the affluent sections of the society.

The unemployed persons who are eligible and who have registered their names in the respective District Employment Exchange, have to receive the registration cards from the Exchanges. A domicile certificate is essential with the application for availing loans. At the beginning of the financial year the scheme is advertised in local newspapers as well as in the notice boards of District Industries centres.
Adequate publicity is given to the scheme by District Industries centre and applications are invited directly.

**Selection of the Beneficiaries:**

During the first two years after the initiation of this scheme, the selection of beneficiaries was made by interviewing the applicants. However due to larger number of applicants and some short comings in the process, selection is now made through 'Pick and choose'. More than 25 percent of the target is selected at the first stage of the selection. Then the selected candidates are screened by the "Task Force" at District Industries centre level.

**Nodal Agency:**

District Industries CENTRE act as Nodal agency and are assigned operational responsibility of the scheme at the District level. District Industries centres in consultation with lead banks of the respective areas do the function as Nodal agency for formulation of self-employment plans, their implementation and monitoring, under the overall guidance of the State Governments. The District Industries Centres formulate location-specific plans of action which are expected to be based on realistic demand assessment for
various services and projects and the number of entrepreneurs which each particular line of production and services would be able to absorb.

The overall supervision is provided by Development Commissioner, Small Scale Industries with the assistance of the Banking Division of the Department of Economic Affairs and the Industry Department of State Governments. Implementation of the scheme by District Industries Centre involves, identification of beneficiaries; selection of specific avocations, identification of the support system required by the beneficiaries, escort services and close liaison with the Banks and other local agencies concerned with industry, trade and service sectors.

TASK FORCE COMMITTEE:

There is a task force committee at the District Industries Central level consisting of the General Manager of the District Industries Centre who is its chairman, Credit Manager of District Industries Centre, a representative of the lead bank, concerned small Industries Service Institute and the District Employment Officer. Two representatives from local important Banks are also members of the Task Force.
The District Industries Centre Task Force is responsible for (a) motivating and selecting the entrepreneurs; (b) identifying and preparing schemes in trade, service establishments and cottage and small industries (c) Determining the avocation/activities for each of the entrepreneurs (d) recommending loans for the entrepreneurs; (e) evaluating and recommending the industry service and trade plans (f) getting speedy clearance as necessary from the authorities concerned.

Finance:

On identification of the beneficiaries but subject to their projects being found feasible or viable by the District Industries Centre Task Force, the banks provide to each entrepreneur a composite loan, (i.e., Term loan + working capital) not exceeding:—

a. Rs. 35,000/- - for industries
b. Rs. 25,000/- - for services and
c. Rs. 15,000/- - for business

Loan would cover the requirements of land, shed and machinery. A part of the loan would also be available for pre-operative expenses.

Purpose of loan:

Loans will be granted for all income generating/productive activities including dairy, poultry, Piggery etc.
Margin and Security:

The scheme is meant for providing self employment to educated youth who are not able to muster their own capital. Margin or collateral security will not be insisted upon, only the assets created out of Bank loan shall be mortgaged or hypothecated to the bank.

Rate of Interest:

The rate of interest charged is as advised by RBI from time to time. At present the rates are as follows:

a. 10% in backward areas declared by the Government of India and 12% in other places upto and inclusive of Rs. 25,000/-

b. 12.5% in backward areas and 13.5% in other areas for advances exceeding Rs. 25,000/-

Method of applying for the loan:

The eligible persons have to send their applications to the General Manager of the concerned District Industries centre with the following information.
1. Bio data of the applicant containing name and address, qualification, date of birth, community, experience, training etc.

2. Brief details of the proposed industry containing items to be made, or serviced, raw materials required, machinery, marketing prospects, process, profit etc.,

3. Amount of loan required.

Government Assistance:

The assistance from Government is in the form of an outright capital subsidy to the extent of 25% of the loan contracted by the entrepreneurs from the banks. The subsidy is released to banks after disbursement of the loan. It is not, however, released to the borrowers. 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. Total financial requirement of the project is given by the banks in the form of a composite loan (term loan plus working capital). When three fourth of the loan amount due is recovered, the balance of one fourth is adjusted by the banks against the deposit
in the name of the borrowers. Assets created by the bank loan is mortgaged to the bank till full repayment of the loan. Where there is serious default and the dues are recovered, the amount, if any, realised after meeting the bank dues is credited to the Government accounts.

Repayment:

The repayment of loan is made in instalments beginning after an initial moratorium ranging from 6 months to 18 months. The repayment of the loan funds is the responsibility of the banks concerned. The instalments range over a period of 3-7 years depending upon the nature and profitability of the venture. Local bank managers are allowed sufficient flexibility in dealing with case of default. In the case of bonafide default, rescheduling is preferred.

Training:

Many of the educated unemployed have some basic knowledge about financial management accounting, inventory management etc., and training courses are not generally necessary except in industrial sector. However for those who require some basic training and advice about selection and use of equipment the State Government may utilize the
services of Industrial Institutes, Polytechnics etc (from own budget) to provide training to them. District Industries centre and small Industries service Institute co-ordinate the training courses, whenever necessary.

Provision of other inputs:

For trade and services, sites are preferentially organised from State Municipal authorities, Town areas, notified areas, Development authorities, Housing Boards and other local agencies. In allotting suitable sheds in industrial estates and land where ever necessary preference is given by the State Government to those opting for Industrial routes. Where machinery and equipments are required, these are made available as far as practicable, by National Small Industries corporation and state Agencies concerned with hire-purchase. Loan instalments for loan, sheds and machinery are the components of capital inputs. Similarly a part of the loan is made available for the purpose of pre-operative expenses. If any beneficiary wants to change the nature of this venture he has to seek the permission of the "Task Force".

Monitoring:

The district Industries centres also monitor the implementation of the scheme at District level for each sector,
namely Industry, service and business and monthly progress report in respect of applications sanctioned (Sector-wise) by the bank Branches in the District is sent by the banks to the District Industries Centres. The monthly progress reports by the District Industries Centres to Development Commissioner, Small Scale Industries include information on number of beneficiaries identified (sector-wise), number of cases sponsored (sector-wise), number of project reports prepared (separately for Industry, service and Business), amount of credit recommended and sanctioned (sector-wise) by the banks as also the number of beneficiaries actually engaged. The monthly progress report in this regard is required by the District Advisory Committee of District Industries Centres of which the Collector (District Magistrate) is the chairman. The Committee meets once a month to sort out problems of implementation, co-ordination and monitoring. The Progress report of the District Industries Centre for each month is sent by the General Manager concerned so as to reach Development Commissioner Small Scale Industries by 10th of the subsequent month positively with effect from 1986-1987. Members of parliament and members of Legislative Assembly have also been associated with the District Advisory Committee.
Institutions responsible for Implementation:

(i) District Industries Centre:

In the context of the present Industrial Policy District Industries centres were set up all over the country as a nodal agency to deal with all the requirements of small and village industries. The programme was initiated from 1st May 1978 and by the end of March 1980, 382 District Industries Centres were sanctioned all over the country. The main work undertaken by District industries centre includes identification of suitable schemes to small entrepreneurs, preparation of feasibility report, arrangement for credit facilities, machinery and equipment, provision of raw materials and extension of services.

The District Industries Centre, Coimbatore has been pursuing the basic objective by assisting for optimum utilisation in existing industries, faster promotion of new small scale industries, artisans and village industries with a rural bias and increasing the employment opportunities in industrial sector.

The small entrepreneurs requires various types of assistance right from the selection of an item for manufacture,
inputs like credit, raw materials, power, land building etc. Under the new scheme of District Industries Centre the entrepreneurs will get all such assistance from one agency.

Organisational setup of District Industries Centre:

The District Industries Centre is headed by a General Manager assisted by four functional Managers, Project Manager and other supporting staff. The four functional Managers deal with the following subjects:

1. Economic Investigation
2. Materials and Infrastructure
3. Credit
4. Cottage and Village Industries

Aid rendered by District Industries Centre:

1. Motivates the prospective entrepreneurs to start industries.
2. Motivation courses and entrepreneurial development programmes are arranged through small industries institute.
3. Guidance is given for selection of projects and setting up of industries.
4. District Industries Centre conduct Industrial potential survey of the District resources, namely the raw materials, market infrastructure and human resources and prepares list of projects having scope for development in the district.

5. It helps in surveys of existing traditional and new industries, raw material and human resources.

6. It identifies scheme for different items, prepares simple techno economic feasibility reports and offers investment advice to entrepreneurs.

7. It will also assess the requirement of machinery and equipment for various types of small scale, tiny and village industries, assess sources of availability of machinery and equipment and advice entrepreneurs, liaise with research institution regarding research and development and arrange machinery on hire purchase.

8. District Industries Centre arranges training courses for entrepreneurs of small and tiny units.

9. The District Industries Centre prepares project profiles and also collects project profiles from various
specialised agencies like Small Industries Development Corporation and advises prospective entrepreneurs on selection of suitable projects.

Role of Banks in implementing SEEUY scheme:

The nationalisation of 14 major commercial banks on July 1969 marked a turning point in the history of the banking system in India. At this juncture the banks were required to convert themselves into an instrument for social development and well being. The Government and Reserve Bank of India placed before the banks certain social goals and asked to increase the level of their advances to priority sectors, so that the same constitutes one third of their total advances.

Government has also formed a scheme under which loans are given to very poor at differential rates of interest. Priority sector advances rose from Rs. 504 crores in June 1969 to 6729 crores in March 1980.

All the beneficial schemes of the government to the poorer sections of the society and priority sectors is implemented through the commercial banks. Scheme for providing self employment to educated unemployed youth was announced by the late Prime Minister Mrs. Indira Gandhi on Aug.15, 1983 with a view to solve the educated unemployment.
problem in India. Implementation of this scheme was entrusted to banking division of Ministry finance. Targets for the implementation of the scheme is fixed by the Government at State level and then at district level.

**District Credit plan of the lead bank:**

In order to ensure the smooth flow of credit for implementation of SEEUY, the lead bank prepares a banking plan for the district in close co-ordination with National Bank for Reconstruction and Development (NABARD) and other participating banks. The District credit plan contains all the details like bank-wise allocation of physical financial targets etc. The Coimbatore District Credit plan is prepared by the lead Bank namely Canara Bank and determines the amount to be disbursed by each branch in the district to achieve the target set for the Coimbatore district by Industries Commissioner and Director of Industries and Commerce at the State level.

**Share of participating Banks:**

The district plans are prepared and consolidated. These are discussed in the District consultative committee
meeting for approval by its members, and bank-wise shares are allotted to the participating banks. After accepting the shares, the member banks reallocate the shares among their branches, keeping in view, the scope of making such advances for the branch and infrastructure available at the branches.

Responsibility of the banks:

The banker should process without delay all loan applications to determine whether such particular project is viable in the context of the existing infrastructure or likely to be adopted in the district. Some applications may be rejected due to the following shortcomings.

1. The applications which do not give full details regarding previous experience, educational qualifications, age limit and nature of project etc. can be rejected.

2. If the applicant is a known defaulter or a person of bad character the banker may reject the application.

3. If the proposed project falls outside the command area of the allotted branch bank, the application will not be considered.
4. If the applicant's ability to generate income is questionable due to illness or physical handicap, the application may be rejected.

5. If the banker feels that the proposal may not be viable due to the location of the unit the loan will be denied.

The reasons for rejection should be recorded in the application form itself under the appropriate heads and returned to the sponsoring authority for its information and record.

**Scrutiny and finalisation of applications:**

The banks should scrutinise and finalise the applications within 14 days of the receipt of applications. If the beneficiary does not come forward to avail the loan or if the beneficiary is not agreeable to take up the activity recommended in the application, the applications are returned after 15 days giving specific reasons. As soon as the loans are sanctioned the details are intimated to the District Industrial Centre.

**Mode of Disbursement of Loan:**

The respondent should satisfy the branch Manager.
regarding all the criteria of the scheme. If the branch manager is satisfied he will issue a sanction letter to that effect to the beneficiary who fulfills the various conditions to be fulfilled.

The respondent should get the quotation from reputed dealers for the assets to be purchased and submit it to the bank after the receipt of the sanctioning letter. The banker will verify the quotations and issue draft directly to the supplier drawn in favour of the supplier.

**Insurance:**

All the loans under SEEUY are eligible for deposit Insurance and credit guarantee corporation cover. Assets bought under SEEUY Loan is insured by the bank. The premium paid by the bank will be charged to the borrower.

**Rights of the banks for recovery of loan:**

The responsibility of proper use of the loan and recovery of the loan will be that of the bank. The beneficiary must repay the loan in monthly instalments which depends upon the repayment period allowed to him. The bank has got a lien on the assets purchased out of the loan.
If the respondent fails to pay the instalments in time, reminder letters will be sent to the borrower personally. Further as a next step the bank also sends registered letters. If there is no response, the bank lawyer will send a notice to seize the assets for non-payment.

In case the beneficiary has disposed the assets without the knowledge of the bank, a complaint can be lodged to the Police department by the bank. If the beneficiary has any personal property, it can be attached by filing a case in the court of law for the recovery of the loan amount.

The bank can also recoup the loan amount by realising the assets purchased out of loan. The sale proceeds and the Insurance money will be adjusted towards the loan amount due. Inspite of all these efforts if the loan money is not recovered, then 75% of the unpaid amount will be reimbursed from the Deposit insurance and credit Guarantee corporation (DICGC) and 25% can be written off.

If the beneficiary repays the money after getting reimbursement from DICGC then 75% of the money received from the beneficiary can be repaid to DICGC.

So it can be concluded that it is the responsibility of the lending bank to see that the loan amount received by
the beneficiary is used for the specific purpose and it is being repaid in time. As the success of the scheme would depend to a large extent upon the positive approach of the Branch Manager they should be allowed sufficient flexibility enabling quick decisions. They should be vested with adequate discretionery powers so that the loans can be sanctioned by them without referring to higher authorities.

Summary:

One of the major problems that is faced by the Indian Economy is the problem of Unemployment. Ever since independence the problem was prevailing but suitable steps were not taken in the early stages to put an end to it. 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 percent within a span of 10 years. only 5.10 million were unemployed in 1971 where as 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 percent 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 must 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 and it was assumed that employment situation would automatically improve as a result of economic growth. Up to the fourth five year plan a definite employment policy was not formulated by the Government. It was for the first time during the fifth five year plan that the basic emphasis was laid on the removal of unemployment problem. The major thrust was given in the sixth five year plan of the removal of unemployment and the plan target of employment generation was 49.36 millions in terms of man years. Many employment generation programmes like National Rural Employment Programme (NREP) Rural Landless Labour Employment guarantee Programme (RLEGP) and self employment to educated unemployed youth (SEEUY) etc. were started to increase the employment potential in India.
Atmost importance was given to SEEUY scheme as it is meant for educated unemployed and it aims at providing self employment. SEEUY scheme has been started initially with a target of providing self employment to 2.50 lakhs people per year from 1983-84 to 1986-87. 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 1988-1989. Government has fixed the overall responsibility to the District Industries Centres for the implementation of the scheme at the district level with the co-operation of the branches of the commercial banks.