CHAPTER I
INTRODUCTION

"A developed India by 2020 or even earlier, is not a dream. It need not even be a mere vision in the minds of many Indians. It is a mission which can all take up – and succeed"¹. The above statement has been given by our beloved First Citizen, President APJ. Abdul Kalam.

India can definitely become a first world nation within 2020 the next twenty years according to Kalam. He says that India is a paradox in many ways. Though it is rich in natural resources, possesses a thriving industry and has a large pool of technical man power, but the large mass of its people are illiterate and poverty stricken and in terms of human development indices, it is among the worst off nations.

India has started well enough after independence but the lack of progress on many fronts thereafter is a major cause for concern. An old fatalism has begun to reset itself and we have begun to lose our confidence. We were able to produce food for our population through the green revolution, although many international experts scoffed the nation that India could ever be without a begging bowl.

In sophisticated field of space technology, we started from scratch to have today a system of satellite based communication linking remote regions of the country. Initially there were facilities in the space programme, but this only motivated our scientist to try harder and the same sense of purpose can lead us to success in many other areas. The aim is to make India, free from poverty, strong in trade and commerce, science and technology, providing health and education to all. The words of our President can be made true if the Prime Minister's Rozgar Yojana programme has been implemented in its true sense.

If those who think to achieve,

Have a firm and focused mind,

They will realize what they thought of,

And even as they have thought of.

- Thirukkural

Yes, if we think, we can achieve. The same idea arises in the minds of the youth as well as the scholar.

The scholar being inspired by the words of Iyyan Thiruvalluvar and President APJ Abdul Kalam has decided to take up this topic for her research work. All must work together to transform our developing India into a developed India and the revolution must start in our minds. The
obvious indicators for the development of a country are the wealth of the nation, the prosperity of its people, and its standing in the international forum. There are many indicators regarding the wealth of a nation. They are the Gross National Product, the Balance of Payments position, the Foreign Exchange Reserves, the rate of economic growth and the per capita income.

The parameters that are utilized to indicate how well people are fed are their overall nutritious status, the availability of good nutrition during various phases of their growth and lives, the average life expectancy, the infant mortality rate, the availability of sanitation, the availability of drinking water and its quality, the quantum of living space, broad categories of human habitat, the incidence of various diseases, disorders or disabilities, the access to medical facilities, literacy level, the availability of schools and educational facilities, various levels of skills to cope with fast changing economic and social demands and so on.

Gandhiji’s criterion was that every action proposed or contemplated should in its implementation wipe the tears of poor and downtrodden persons. He emphasized that only when we have wiped the tears from the faces of all, we have truly arrived a nation. The same vision had been made by our first Prime Minister of our nation, Jawaharlal Nehru also. But he felt that it was difficult to realize the
vision, because the elimination of ignorance, illiteracy, poverty, disease and inequalities in opportunities is itself difficult even through mission.

It does not make sense to achieve a developed status without a major and continuing betterment of all Indians who exist today and the many more millions who would be added in the years to come. They all should have a secure and enjoyable present and also be in a position to look forward for a better future.

There are good chances that poverty can be fully eliminated by 2007-2008 using the present poverty line as a base, i.e. $212.8 at 1996 prices. Personal disposable income is also estimated to increase considerably from 1996 level of $278.4 to $1717.1\(^2\).

For all these achievements, what is needed is that gainful employment opportunity must be available to all those who are able and willing to go for employment. In this study, the aim of the scholar is to suggest some measures to overcome the problem of unemployment so as to make use of all the employable resources fully.

"India lives in its villages" is as true today as it was fifty seven years ago when we won freedom from the alien rule. "From the trend in

\(^2\)Ibid., p. 15.
the rural population figures since 1921, it appeared that India would continue to be predominantly rural even in the twenty first century

The fact that, a majority of our population still live in rural areas and are dependent on agriculture, which is subject to vagaries of monsoons, brings into bold relief, the need to develop rural areas by bringing all round improvement in the living conditions of the rural people. Even though India has travelled a long distance on the road to development since independence and has made significant progress in various sectors, the development has not kept pace with the overall progress in other facets of national life. Even today, nearly 27 per cent of the rural poor subsist in poverty and there remains an acute shortage of basic facilities such as housing, drinking water and roads in rural areas. Poverty is a complex phenomenon. Guhan and Hariss show that poverty has long been recognized as an interlocking condition of assetlessness, unemployment, low wage and income, proneness to disease, illiteracy, economic vulnerability, social disadvantage and political powerlessness.

It manifests itself in a myriad way. The poor not only suffer from low income and high unemployment, but also low life expectancy, low

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levels of literacy and poor health. As remarked by Minhas “the poor became the darlings of politician as well as the academic community”5.

Tulpule observed that dire poverty, absence of stability of employment, lack of assets, illiteracy, low caste, malnourishment, surplus of work seekers etc., were the main reasons for rural poverty6.

Rural poverty is even more complex as it is reinforced by social factors. In a vast country like India, social and economic factors operate differently in different regions. It is not surprising that our experience with rural poverty, its incidence and its response to various policy initiatives reveal sharp regional disparities. This makes the task of poverty alleviation more challenging as no single model or policy framework can be suggested that will work in all situations.

India is a sub-continent, pioneering in several innovations and experiments for the betterment of the poor. In the last five decades, India’s achievement in this regard is a matter of pride. However, it is important to keep in mind the well appreciated fact that we have a long way to go in eradicating poverty and ensuring acceptable and decent level of living to all the citizens of the country. This realization could be well judged by the quantum jumps in the budgetary allocation, both at the

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centre and state level towards the development of rural areas. In fact, in the last two decades, the Government of India has taken the leadership to see that all forms of social and economic inequities and disablement of rural people are removed.

The poverty alleviation efforts in India has adopted a multi-pronged approach to alleviate poverty at individual level through programmes of direct attack on poverty and at community and regional level through area development programmes, to create enabling environment, empowering the poor and enhancing opportunities for the poor in rural areas. To address the compelling needs of time, the existing programmes have been revamped and restructured to make them more people friendly and also trigger the bottom – up initiatives. The Government of India believes in constant learning from our ground level experience and therefore, monitoring and evaluation of these programmes are taken up at regular intervals, to facilitate immediate mid-course connections in the policies, programmes and strategies. One important point that emerges from various studies is that the impact of various programmes is not universal and there are vast regional disparities.

The last few decades of the twentieth century is marked by several landmark changes. One of the important lessons learnt from the earlier
development approaches is the need to enhance people’s participation in all stages of development for better lasting and sustainable results.

In the new millennium, particularly in the era of globalization challenges before us are many and varied. Successful tackling of these challenges entail special priorities in the areas of social development and human capital development that will strengthen our capacities to maintain the poor into the overall development process.

Between 1973-74 and 1993-94, the southern states have been more successfully able to reduce rural poverty than eastern or central states. The share of southern states in the country’s total rural poor declining from about 24 per cent to less than 16 per cent between the above mentioned two points of time. The share of eastern and central states went up from 61 per cent to 71 per cent, largely consisting of Bihar, Uttar Pradesh and Orissa. In these states, the rural poverty ratio is still around 40-50 per cent. Spectacular improvements have taken place in southern states. All southern states are able to reduce poverty, because of spectacular economic growth. While Andra Pradesh brought down its poverty through its public distribution system, Kerela’s success is largely the result of investment in human development. Low levels of poverty in Punjab and Haryana are largely attributed to their agricultural growth.

although in terms of human development indicator especially gender related, these states do not compare well with Kerala. This is not to discount the importance of growth but to highlight the fact that it is not just the pace of growth but also its pattern that matters when it comes to poverty reduction.

Specific targeted anti-poverty programmes were taken up during the sixth plan. Simultaneously, investment in human development was considered to be crucial to improve the quality of life so as to equip the poor to participate in the growth process. It is well known that in respect of institutional reforms, spread of agricultural technology, implementation of anti-poverty programmes and availability of economic and social infrastructure, the experience differs across states.

The India Rural Development Report 1999, examines the factors that lead to desperate outcomes in terms of poverty reduction. It has made an attempt to correlate poverty levels with some other variables such as social and economic to explain regional variations in poverty. The report encompasses several measures of social and infrastructural development as explanatory variables.

The planners said, “The IRDP will be specially focused on target groups comprising small, marginal farmers, agricultural labour, rural
artisans, whose economic improvement forms an important concern of rural development.\textsuperscript{8}

According to Dantwala, growth in India has no doubt been low, but there is enough evidence to show that certain regions and sections of the population, especially the most vulnerable have not been benefitted even from the very slow growth.\textsuperscript{9}

The report rightly recognizes that there are vast intra-state differences in the levels of poverty and social and infrastructural development. So, a state becomes too aggregate for analysis as a unit. For example Northern Madhya Pradesh had a poverty ratio of 17.4 per cent compared to south western Madhya Pradesh which had a poverty ratio of 68.2 per cent in 1993-94. Therefore analysis of poverty and other indicators are disaggregated at the regional level and the spread across the entire country.\textsuperscript{10}

Occupation-wise analysis reveals that the incidence of poverty is much higher among wage labourers than among self-employed. The report also gives data on specific social and infrastructural variables with the


\textsuperscript{9} Dantwala M.L., Poverty in India, Then and Now, Madras : Macmillan Company of India Ltd.,1973, p. 33.

poverty levels and established an inverse relationship between poverty on the one hand and social and infrastructural index on the other. The state highlights major limitations with the implementation of these anti-poverty programmes such as endemic corruption, lack of people participation, unrealistic project estimates and poor quality of assets among others.

Basically there are two approaches to solve the problem of poverty, a) Trickle down effect of rapid growth and b) Direct Public Intervention.

Historically trickle down has benefited the poor where at least one of two conditions given below is satisfied.

1. The rate of the growth of the economy is high (say 10 per cent per annum) or

2. The poor had some asset base.

Neither of these two conditions can be taken for granted. That is why even those who put much faith in trickle down also worry about the composition of the growth rather than growth per se. Therefore a plea for labour intensive pattern of growth is advocated in order to ensure a larger participation of the poor in the growth process

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Prime Minister's Rozgar Yojana:

In the vibrant economy small scale sector plays a significant role which accounts for 40 per cent of the industrial production and 35 per cent of total exports. The small scale sector with more than 32 lakh units creating employment to about 167 lakh persons has strongly emerged as a means to address the problem of unemployment and self sustenance\(^{12}\). Added to it, the process of liberalization, economic reforms precipitated into competition and tremendous opportunities for the growth of small scale sector. With an objective to provide the basic input support to small vital sector and to address the requirements like credit, the Government of India has launched the ambitious project, Prime Minister’s Rozgar Yojana (PMRY) on 15th August 1993 to provide self employment to educated unemployed youth.

The novel scheme was being implemented and monitored by the office of the Development Commissioner (Small Scale Industries), Government of India, through its network of Small Industries Service Institutes and District Industries Centre at state level. Small Industries Service Institute, Hyderabad has taken up the onerous task of preparing the compendium of project profiles for Prime Minister’s Rozgar Yojana beneficiaries. These projects are carefully selected keeping in view all

the relevant aspects of viability by the officers of this institute. These project profiles aim at helping the prospective Prime Minister’s Rozgar Yojana (PMRY) beneficiaries to select and launch projects. The schemes inter-alia provide the information regarding machinery, raw materials, manufacturing process, investment etc.

The main objective of the Prime Minister’s Rozgar Yojana scheme was to provide easy subsidized financial assistance to educated unemployed youth for starting their own enterprises in manufacturing, business and trade and service sectors.

Initially the scheme aimed at providing self-employment to one million educated unemployed youth in the country by setting up seven lakhs micro enterprises through inducting service and business ventures over a period of two years.\textsuperscript{13} The scheme was a stupendous success and caught the imagination of the youth. Overwhelmed with the response and ever-increasing need, the Government has decided to make it a permanent scheme and framed modalities and guidelines for its successful implementation and to fulfill the purpose for which it is designed.

Salient features of Prime Minister's Rozgar Yojana scheme are as follows:

(i) This is a centrally sponsored scheme.

(ii) The Development Commissioner (Small Scale Industries) under the Ministry of Small Scale, Rural and Agro industries, Government of India is the apex body for this scheme.

(iii) The respective Commissioner/Director of Industries implements the scheme at the state level except the four metropolitan cities, with an overall monitoring by the concerned secretaries of industries.

(iv) The implementation agencies at the grass root level are District Industries Centre (DIC) which would be instrumental for implementing the units.

(v) Small Industries Service Institute (SISI) located in the four Metropolitan cities of Delhi, Kolkata, Mumbai and Chennai are the implementing agencies of this scheme.

(vi) The Development Commissioner (Small Scale Industries) has set up a special Prime Minister's Rozgar Yojana division in the headquarters under the able guidance of an IAS Officer. DCSSI
has formulated the rules, regulations and guideline instructions and provides clarifications on all the matters pertaining to Prime Minister's Rozgar Yojana scheme. It has also devised complete feedback information by means of getting monthly, quarterly and annual progress reports from all the states to closely monitor the implementation and progress of the scheme.

(vii) Similarly at the state level, state level Prime Minister's Rozgar Yojana committee meetings monitor the progress of the scheme every quarter.

(viii) The yearly targets for number of beneficiaries for each state are fixed by DC SSI.

**Parameters of Prime Minister's Rozgar Yojana:**

i. All educated unemployed between the age group of 18-40 years in general with a 10 years relaxation for SC/STs, ex-servicemen, physically handicapped and women can get the loan under the Prime Minister's Rozgar Yojana scheme.

ii. Minimum qualification to get the loan is a passing eighth standard. Preference is given to those who have been trained for any trade in Government recognized or Government approved institution for a duration period of at least six month.
iii. The family income of beneficiary or his parent’s income should not exceed Rs. 40,000/- per annum and he must be a permanent resident in the district for at least three years. The beneficiary should not be a defaulter to any nationalized bank or any financial institution or any co-operative bank. Further a person already assisted under other subsidy linked Government schemes would not be eligible under this scheme. This scheme is applicable for all economically viable activities including agriculture and allied activities but excluding direct agricultural operations like raising crops, purchase of manures and the like.

iv. The maximum loan amount sanctioned for business sector is one lakh of rupees and it is two lakhs of rupees for other activities. If two or more eligible persons join together in a partnership project, up to ten lakh of rupees may be sanctioned. Assistance shall be limited to individual admissibility.

v. Subsidy is limited to 15 percent of the project cost, subject to a ceiling of Rs.7,500/- per entrepreneur. Banks will be allowed to take margin money from the entrepreneur varying from five percent to 16.25 percent of the project costs so as to make the total of the subsidy and the margin money equal to 20 per cent of the project cost.
vi. No collateral security is required up to one lakh of rupees. The rate of interest is the normal bank rate. Repayment schedule may range between three years to seven years after an initial moratorium as may be prescribed. The training expenses and operational expenditure are covered within the ceiling of Rs.2000/- per case. The target is fixed based on the population and the number of educated unemployed. Additional targets would be linked to the recovery of loans sanctioned, past performance of sanctions or special circumstances prevailing in the state/union territory. Prime Minister’s Rozgar Yojana gives preference to weaker sections including women. The scheme envisages 22.5 per cent reservation for SC/ST and 27 percent for other backward class (OBC). In case SC/ST/OBC candidates are not available at the states/union territories, the Government will be competent to consider other categories of candidates under Prime Minister’s Rozgar Yojana.

Objectives:

This study is conducted with various objectives:

1. This study makes an attempt to examine the extent of employment generated by Prime Minister’s Rozgar Yojana programme.
2. This study aims at measuring the benefit received by the target group.

3. It also attempts to evaluate the role of Prime Minister’s Rozgar Yojana in uplifting the socio-economic status of the beneficiaries.

4. Another objective of the study is to analyze the problems in the actual implementation of the programme.

5. It intends to examine the rate of repayment of loan and to find out the reasons behind non-repayment in case of prompt repayment.

6. It also aims at giving some suggestions to improve the functioning of the scheme.

**Hypotheses:**

The basic idea behind the study is that Prime Minister’s Rozgar Yojana programme is able to create additional employment opportunity and thereby it uplifts the economic well being of the people below poverty line. Larger the amount of loan granted larger in general will be the opportunity to create employment. Larger the employment, opportunity greater will be the improvement in the economic and social status of the beneficiaries.
1. There is no significant association between increase in articles, purchase of other assets, venture cost, increase in the income of the respondent, mandays of employment and the variable such as age, religion, community, qualification, type of house of the respondents, employment created from the programme and the repayment period.

2. There is no significant difference among the respondents of different age groups, religion, community, type of houses and qualification in their asset creation, loan amount, annual income created and mandays of employment generated.

3. There is no significant difference between the various age groups of the respondents, sex, marital status, religion, type of family, ownership of the premises, education qualification, with reference to asset loan amount, annual income, mandays of employment created.

4. There is no significant difference between the age, sex, marital status, religion, community, type of family, ownership and educational qualification with the variables-loan amount, annual income, salary given to the workers and the mandays of employment created.
Limitations:

This study covers an area of only one district i.e. Tirunelveli district. The necessary data for this study is collected from the beneficiaries who availed loan facility under this scheme, during 1997-98. This year is purposively selected for this study as it is the starting year of the Ninth Five Year Plan which was launched in the fiftieth year of India’s independence. Only if this year is selected as the period for the study, it will be possible to examine the impact of this scheme on employment generation and also to measure the rate of repayment of the loan. In large majority of the cases, the beneficiaries are able to earn some income through this scheme as soon as they have invested the loan amount. So, the repayment also begins within a very short period. The general expectation of this scheme is that, the repayment is done out of the income generated by the loan and so within a period of three to seven years the full amount of loan may be repaid. So as to examine the validity of this expectation, the beneficiaries who have taken up loan in the year 1997-98 have been selected for this study.

Multistage random sampling technique is adopted to locate the respondents. There are cases in which the respondents have repaid the full amount of loan well within he stipulated time. An attempt is made here to find out the impact of this scheme to the beneficiaries in terms of
employment generation and income generation. But there are so many cases in which the beneficiaries have left the original address. So, in locating the respondents the scholar has met with great difficulties. So, they are purposively left out and only those respondents who are available at the time of data collection in the given address alone are contacted and the data have been collected. But care was taken to select representative respondents.

**Chapterisation:**

The first chapter gives a brief introduction of the study, the hypotheses framed for the study, the objectives of the study, the limitations of the study and the chapter arrangements.

The second chapter gives a brief review of some of the studies already available in the area of interest of the scholar along with the explanation for the basic concepts used in the study.

The methodology adopted for this study is presented in the third chapter.

The brief description of the study area and the various schemes launched by the Central Government and the State Government for poverty alleviation and employment generation have been summed up in the fourth chapter.
The collected data is processed and the socio-economic features of the respondents are depicted in the fifth chapter.

Analysis and interpretation on the basis of the tools used for this study is presented in the sixth chapter.

The general findings and conclusions of the study along with some suggestions for improving the functioning of the scheme have been presented in the seventh and the final chapter.