Chapter 6

SUMMARY AND CONCLUSIONS

In the present context, in order to eradicate unemployment the government has generated sufficient skilled/semi-skilled manpower and entrepreneurial talents among youth through several programmes. At present investment from government is made for the development of infrastructure and strategic enterprises. The poverty alleviation and employment generation programmes continue to be patronised by government.

This chapter presents the major findings and conclusions on the basis of empirical analysis made in previous chapters followed by some normative thoughts to improve successfullness of the programme. India has so far successfully used macro economic policies to stimulate demand through capital formation.

Summary

Chapter One traced the evolution of policies to eradicate poverty in the country. These policies evolved over a number of years and were based on experiences, new challenges and opportunities from time to time. Various schemes introduced by central and state governments were discussed to analyse their transformation, merger and achievements.

While analysing these programmes it was found that the Chief Minister’s Empowerment of Youth (CMEY) programme has became a powerful tool in the state of Andhra Pradesh for empowering youth through group dynamics.
A review of literature covering major aspects of employment programmes, eradication of poverty, creating sense of accomplishment in Andhra Pradesh, India and the world at large also attempted. Economic non-farm activities were found to thrive in a free market economy. Several studies done by management specialists revealed that the factors contributing to economic advancement are personal initiative, support and motivation from state, family background, culture, receptiveness and social environment. Examples of Indian integrated social community cooperatives for the tribal people reveal that socio-economic conditions improved through promotion of cooperatives and self-help groups. Similar type of examples could be found in USA, UK and Ethiopia. Therefore, the concept of CMEY has evolved from such initiatives and the programme has been implemented in Andhra Pradesh in 1996.

After reviewing the thematic approaches suggested by several authors, the present study aimed to address the issue of group dynamics in starting an enterprise in select locations of the state. The study also attempted to analyse the socio, behavioural and community patterns of youth associations.

Chapter Two dealt with set objectives and hypotheses and the sample design to find out the efficacy of CMEY.

Youth have been playing quite a significant role almost in every country of the world, as they possess the vigour and zeal necessary to create opportunities for social and economic development. The Chief Minister’s Empowerment of Youth (CMEY)
programme was launched during 1996 by the Government of Andhra Pradesh in the entire state. The basic objective of the programme is to enable youth to take initiative, organise themselves into a group, become part of development through informal approaches and improve social conditions of the community, government acting as only a facilitator in this entire process.

The present study aimed to find the efficacy of the programme through functioning of youth associations, selection of activity, effectiveness of the programme in terms of other economic aspects. For an individual, it is not possible to study efficacy of the programme in all the districts of the state. The study has thus been confined to three representative districts of regions of the state. The field study was carried out on sample basis in selected districts taking into consideration data for the years 1996 to 1999.

Objectives of the present study are

i) To analyse the process of implementation of CMEY at district, mandal, village and beneficiary levels

ii) To assess the extent of correlation between the programme and the contemporary efforts elsewhere with the goals of poverty alleviation and employment generation
iii) To evaluate impact of the scheme on youth groups at various stages of the implementation of the programme in terms of income, coordination, assets generation and employment promotion.

iv) To examine problems in the implementation of the programme and bring out action strategy for making the programme more successful.

**Hypotheses**

The study also put the following hypotheses to test:

i) The most crucial component is the implementation of CMEY scheme among poor and the disadvantaged. In the context of employment through enterprise promotion, beneficiaries were drawn from various socio-economic backgrounds.

ii) There exists a correlation between the CMEY scheme and other employment generation schemes.

iii) Design and implementation of a comprehensive scheme like CMEY is an imperative for sustainable viability of enterprises.

iv) The role of agencies is crucial in creating awareness and motivating youth groups.

The data collected was thus analysed and inferences were drawn to verify the objectives and hypotheses of the study.

The profile of the state and the study area were discussed in terms of geographic, demographic, working force and non-farm sectors. The conceptual framework of the
CMEY programme and its progress in the study region was also highlighted in Chapter Two.

The basic parameters to study efficacy of the programme were highlighted in Chapter Three, which concentrated mainly on social, cultural and behavioural patterns of associations in the study area. The study covered 3,174 associations representing 13.4 per cent of associations in the state. In the study region, 28.4 per cent of the units were covered in Ranga Reddy district (Telangana region) followed by 41.1 per cent of units in Anantapur district (Rayalaseema region), and 30.5 per cent of units in Srikakulam district (Andhra region). The analysis pertained to intra and inter activities selected by youth associations viz., agro/animal, business, industry, and service enterprises. Most of the CMEY activities are under non-farm sector and are concentrated in rural and semi-urban areas.

Since the programme is based on group strategy, six youth on an average formed into an association and started sharing the income and other social activities in the study area. Some of the observations made on their social and behavioural aspects are encouraging for the conceptualisation of empowerment of youth. These members are involved in many of the social activities like Janmabhoomi, clean and green programme, literacy campaigns, family welfare programmes and others. In the field it was observed that some groups have even constructed community halls and schools in some villages. This clearly indicates the participation of youth in social, developmental activities is
of a significant level. Awareness about the social and other activities among youth was observed less in Anantapur district.

In total, women beneficiaries accounted for 31 per cent of total youth, and were found to be highly successful in their activities under CMEY. Another observation made was about cohesiveness among group members which was noticed only in groups where less number of members formed as an association. On an average 3 to 4 members in a group were found to be participating actively. Government officials as facilitators played a vital role in creating awareness about the programme, but not in identifying proper activities. CMEY is found to be the only programme which has encouraged participation of even illiterates. In the study area more than 25 per cent are illiterates and more than 62 per cent have education level of less than 10th standard. Very few were found to be graduates and technically qualified.

In Chapter Four, an attempt has been made to study economics of the units in terms of investment, working capital, production and profits. Throughout the study analysis has been attempted in terms of category and district. 82.3 per cent of total units grounded were found to be performing at the time of field survey. About 87 per cent of the units are found performing in Anantapur, followed by Srikakulam (85%) and Ranga Reddy (73%) district. Under this category the study revealed that more than 20 per cent of the units are incurring losses. The category-wise analysis indicated that in all categories units are making profits. Out of 1,095 agro/animal category units, 81.2 per cent are making in profits, followed by business (79%), service (78.9%) and industry (74.1%). Among
these, the units grounded during 1996-97 were making less profit in all the categories. This was observed to be due to low/traditional technologies used the these units.

The study also attempted to highlight factors constraining the effective working of units and problems encountered in implementation of the programme in Chapter Five.

It was found that 8.5 per cent of the total units studied were under non-performing category and 9.2 per cent were in non-existent category. More percentage of non-performing units were observed in Srikakulam district, followed by Ranga Reddy and Anantapur. Nearly 38 per cent of the non-performing units were found in agro/animal category, followed by industry, business and service categories. High costs of production, low demand and or substitutes were found to be the major reasons for non-performance of the units and for their marketing. Similarly inadequate working capital and diversion of funds were found to be afflicting higher percentage of non-performing units. Nearly 45 per cent of units were affected due to lack of coordination among members in non-performing category.

In some locations it was found that lack of leadership, change of organisers, opting for wage employment were also found to contributory to non-performance. Though there is a little variance in reasons among the districts, financial, market, skills and quality were identified as major areas affecting performance.
Altogether 219 units are found to be in non-existent category. The reasons varied from district to district. **Major factors identified were high production costs, lack of managerial skills, inadequate working capital, misappropriation of funds and change of organisers.**

The study thus proves the hypothesis on theoretical proposition held in the thesis that the role of agencies is crucial in creation of awareness, selection and guiding the activity.

It also validated that the programme has been more beneficial to poor and the disadvantaged. At the sametime the hypothesis has also deviated in terms of the sustainability of the activities.

**Observations**

- It is found that only 74.8 per cent of the total members of the groups are actively participating in the management of units indicating that 25.2 per cent are non-participating members. Only 2 or 3 members are dominant in each group. It is also noticed that the activity taken up does not employ/require all the 5 members. Having more members in a group calls for greater coordination and cooperation, which is lacking among members. Further, profits made by units, when shared by large number of members cannot really become substantial incomes to members.

- It is observed that youth associations of female groups, and STs and BCs are managed better. Women groups sanctioned constituted only 31 per cent of the total
sanctioned groups, which appears rather too low. The performance of women units, however, is satisfactory.

- The income level of Rs. 11,000 stipulated for selection of group members is considered too low. The very low income levels result in beneficiaries facing working capital problems rendering the units sick. The income levels may be raised to Rs. 24,000.

- It is also noted that there was no supervision or inspection to ensure proper maintenance of records by the units. More than 30 per cent of the units do not maintain any records. Moreover, most of the non-performing and non-existent groups shared loan amounts amongst themselves. Most of the group members are not aware of either repayment schedules or to whom to repay the loan amounts.

- Extensive negligence by supervisory staff is noticed with regard to insurance and registration clauses. Vehicles purchased by youth groups are registered in personal names instead of in the name of STEP or the bank. Insurance of assets was done only by 38 per cent of the grounded units. It is unfortunate to note that neither CMEY authorities nor banks have taken care to see that the assets of the units were insured at all.

- Group savings is one of the prerequisites for selection. It is observed that this aspect is not taken care of. Savings were made one time before selection and in most cases were discontinued after grounding of the units. It is observed that number of units complying with the stipulation of group savings is progressively getting reduced due to lack of supervision.
Conclusions

The following conclusions were drawn on taking into account study results under major areas of operation in the study region.

Grounding

- It is observed that some units are partially funded resulting in demotivation, leading to either non-performance or non-existence.

- Selection of activity was not based on a systematic survey. Youth associations have selected activities from a list suggested by authorities. Where there were innovative suggestions, such as Bajaj auto servicing, horn-buttons, etc, the units are performing very well.

- Technical competence required to produce products and services selected by beneficiaries is lacking. Supply of defective machinery and part machinery has resulted in some units falling sick.

Production and marketing

- Inadequacy of skills has resulted in poor maintenance of equipment and machinery.

- Granting/sanctioning of same type of units at one place has resulted in unhealthy competition.

- There are no market linkages for most of the items resulting in under-selling. For example dairy and poultry units are suffering due to this situation and middlemen are taking advantage.
• Difficulty is being experienced in procurement of raw materials and marketing of products and services.

Financial aspects

• Financial aspects are very important. Maintenance of accounts, management of working capital, preparation of income and expenditure statements require a good amount of skill. In the absence of proper records, misuse of funds, selling away of assets of the unit, misappropriations have taken place. At least 20% of the beneficiaries lack the required skills. Repayment of loans is very poor. Even notices for recoveries have not been served. Group savings are discontinued, assets not insured. All these infirmities would culminate in financial crunch and ultimately make the units sick.

General

• It is found that agro/animal based units particularly, dairy, poultry, sheep-rearing, piggery, etc., are more in number than the anticipated demand.

• Innovative schemes like Bajaj auto servicing centres, horn-buttons, bee-keeping, sericulture, vegetable and floriculture are found to be performing well.

• Leasing activities are resulting in losses, as these units do not create fixed assets.

• A very disturbing aspect noticed is the prevalence of corruption and political interference leading to malpractices.
Suggestions

The suggestions given hereunder have emerged from the findings of the field study data collected, analysis and discussions with local, district as well as state level officials.

General

• Preference should be given to members of families who have not so far availed benefits under any other schemes like IRDP, TRYSEM, PMRY, etc.

• Heterogeneous groups should be encouraged without any restrictions, despite the fact the homogeneous groups are functioning well.

• It is suggested that suitable mechanism be installed at district and mandal levels to ensure that beneficiaries do not enjoy benefits from more than one source.

• Selection of activities should largely be on ground realities, i.e., need-based and local resource-based.

• To facilitate speedy implementation of the programme with special reference to the disbursement of margin money (which can be reduced from 6 months to 3 months) subsidy, matching grant, etc., 50% of the amount may be made available at district offices.

• It is observed that wherever literacy rate has been high, group management and maintenance of accounts were found to be regular. This establishes a direct link between levels of education and management of activity. This was evident in the district of Srikakulam, where the literacy rate among groups is high. Therefore, the level of education for at least two members in an association may be raised to 10th standard.
**About group formation**

- Group formation is always a continuous process. These should not be any over-enthusiasm to bring more under the purview of the programme. One and a half times the targeted number of groups may be considered for formation with a panel approach.

- Groups are generally formed by District Youth Welfare Officers (DYWOs) in association with Mandal Youth Empowerment Officials (MYEO) at village/mandal/urban keeping in view social welfare programmes. At the time of forming groups, the Chief Executive Officer (CEO) of Society for Training and Employment Promotion (STEP) should also be involved to assess skills, aptitude, interest and other behavioural aspects of members for selection of activities.

- The number of members in an association may be limited to a minimum of 3 (in activities like auto rickshaw, power tillers, business establishments, motor rewinding, cycle repair shop, chilly pounding, xeroxing, etc.) and the maximum may be prescribed as per activity, but in any case not exceeding 10 (activities like brick manufacturing, vegetable farming, horticulture activities, tent-house readymade garments, stone crushing, slab polishing, etc.). Only then the aspirations and needs of members could be fulfilled. The average number of membership may be restricted to 5 or 6.

**Financing pattern**

- Funds required to implement the programme may be pooled at state level rather than at district level. This facilitates quick processing and distribution to officials.
concerned at district level, based on the targets fixed. This will also avoid delays in releasing amounts and in completing other formalities by beneficiary groups.

- Guidelines/documentation procedures of corporations which are involved in the programme may be simplified, unified and adopted by the Department of Youth Services.

- Subsidy component may gradually be phased out over a period of time. Margin money component could be increased and disbursed as **soft loan**. This would ensure commitment of youth associations towards the activity.

- It is observed that there is no uniform release pattern of funds including the subsidy throughout the state. It is suggested to evolve and follow a uniform procedure/rule/regulation/norm for release of funds. However experience indicates that **asset financing** is a better proposition than direct payment to youth associations.

- The stipulation of 90 days for group savings as at present should be raised to 180 days, as the present norm is far too early to judge sustainability.

- Investment limits may be marginally enhanced to Rs. 2.00 lakhs for associations for specific type of activities like power-tiller, tractor, stone crusher, etc.

- It is observed that most associations are willing to repay the loan after 3 months of the commencement of the activity. Hence, the gestation period to start recovery of loan could be reduced to 6 months from one year. This may be adopted on a case to case basis.

- In view of the large number of associations to be formed in future, for recovery of the loan amounts, private agencies/NGOs may also be involved on a commission basis in addition to the existing machinery.
• For micro credit, it is felt necessary to start a bank (Youth Bank) to cater to the needs of youth associations under the CMEY programme. This will facilitate easy accessibility and approachability to the associations for the smooth conduct of their activities.

• It is observed that involvement of bankers in projects where the limit of investment exceeds Rs. One lakh already exist in certain places. Therefore, the youth bank’s involvement may be considered for projects with higher investment levels making it obligatory to the associations under the Society’s Act.

**Monitoring**

• Monitoring system has to be developed at mandal level.

• Most of the units grounded are found engaged in traditional activities. Therefore, there is a need to identify potential avocations in order to facilitate diversification and switch over to **project approach from pattern approach** to reap long term benefits.

• There is need to upgrade skills and motivate members in business management. Local technical institutions for skill upgradation and motivators at mandal level to motivate upcoming associations may be envisaged to be brought under CMEY.

• At grass-root level, technical advice for grounded units is being rendered by Industry Promotion Officers, Technical Officers of STEP and DRDA. Considering the number of beneficiaries involved, these officers may not be able to cope with demand for advice from associations. Therefore, technical staff at mandal levels may suitably be strengthened. These officers are at present guiding the groups on a voluntary basis.
They may be given suitable incentives either in the form of incentive increments of lump sum honoraria.

- Separate delivery system is necessary to provide guidance on product development, installation, diversification, procurement, maintenance and marketing under CEO. At present CEO's office is monitoring about 300 units at district level on an average. It is necessary to develop a system to ensure monitoring at mandal level, since the programme is to extended to all the villages, semi-urban and even urban locations.

**Implementation**

- State-wide annual schedule may be drawn up for the formation, selection, sanction and grounding of units. A single standardized procedure may be prescribed for selection of beneficiary associations. This will improve transparency and remove misunderstandings about selection process.

- Clear-cut guidelines for grounding of units may be evolved and strictly followed. Field experience shows that there are units yet to be grounded due to various reasons, even though on record these are indicated as having been grounded. The grounding of units may be defined as “those units which have started production or delivering services chosen or have started operating business at respective locations”.

- More women may be encouraged to take up economic activities at village level. This will help bring about a total change in villages because of ability of women to demonstrate greater responsiveness, commitment, savings and managing families.

- Existing monitoring organisations/NGOs/other social service groups may be encouraged to get involved in the formation of associations and selection of groups.
• One of the main objectives of the programme is to inculcate the habit of savings among members. Difficulties are expressed by associations on procedural aspects to withdraw amounts from bank. In these districts, it is mandatory to obtain prior approval from mandal officers before withdrawing amounts. This has been causing inconvenience to members of associations.

• Therefore, associations may be permitted to open another savings account and use savings of first account towards effective implementation of project.

Infrastructure

• Cluster-based activities may be encouraged in all districts, as there is vast scope to develop clusters in activities like basket-weaving, readymade garments, handlooms, automobile servicing, handicrafts, ceramics, slate making, stone polishing, etc.

• Investment on infrastructure in activities like diary, poultry, piggery, etc., may be excluded from project costs. For such activities, additional amount towards construction of sheds, tube wells, etc., may be extended as soft loans.

Marketing

• CMEY products may be tied up to existing marketing channels. To this effect a G.O has already been issued mandating preferential purchase by government departments. The G.O may strictly be implemented in letter and spirit.

• At district level, marketing stalls for CMEY products may be contemplated near existing market centres.
• The Department of Youth Services may organise ‘melas’ exclusively for CMEY products at state headquarters. It may be mentioned that the recently held Gramashree Mela of DWCRA products at Hyderabad resulted sales to the tune of nearly Rs. 3 crores.

• Since CMEY programme is palying a role model and is emerging as a potential force to usher in self-employment in the state, a separate logo for CMEY products be developed for better marketing.

Organisational aspects

• A single agency can be entrusted with the responsibility of channellising services to beneficiary units.

• The task of formation of associations, selection, impelementation of CMEY and monitoring activities will increase manifold in near future. To meet growing the demand, ensure effective implementation and for better coordination among other developmental departments like DRDA, SC/ST/BC/Women finance corporations, etc., the post of CEO/DYWO needs to be upgraded and more administrative and functional powers be vested.

• Mandal level organisations entrusted with implementing CMEY may be strengthened. Extension Officers (Rural Development/IPOs/technical assistants/active renowned social workers/head masters or teachers) may be entrusted the job of formation, guidance, and monitoring activities under the supervision of Mandal Praja Parishath Development Officer.
• Staff at district level office (CEO) may also be strengthened and separate budgetary provision be made to meet office expenses.

Others

• Exposing youth associations to highly successful groups in the same mandal or district seems to be necessary for the effective implementation. This will have a high demonstration effect.

• Regional meetings of grass-root level staff are necessary to solve problems encountered. Separate agency with a Project Officer (CMEY) will yield effective results.

• There is need to train field officials in understanding the guidelines of CMEY from time to time. Also, it is felt necessary that skill development training be imparted to youth associations specially to those under industrial activity.

• G.Os regarding tax concessions, marketing assistance, Revenue Recovery Act, changes in financing pattern, etc., may be sent to all officials at grass-root level. Wide publicity through media is essential.

• During the field study, it is noticed that there is need to raise the upper age limit to 40 years. This would facilitate to encourage deprived youth.

• It is further observed that changes in the line of activity chosen and location of units should be discouraged.

• Activities like sheep rearing, ram lamb, piggery and poultry which are predominantly chosen by youth groups need veterinary doctor’s attention to protect the animals and/or birds from becoming diseased. Beneficiary groups are not able to meet
expenditure required for treatment. Some percentage of project expenditure be allocated for this purpose.

Normative thoughts

The CMEY programme offers high potential for employment generation, upliftment of the quality of life of the poverty stricken youth and has strong linkages with other rural development programmes in the state. The study observed that CMEY has already been able to create high demonstration effect to bring youth to occupy their rightful place in the society and commit themselves as socially responsible citizens. Considering the observations, suggestions and experience of the survey, the following recommendations are made for long-term sustainability of the CMEY programme:

• At present the stipulation of savings for groups is for three months' period only. It is recommended to increase the period for a minimum of six months so that truly committed associations will come up to take up activity on a sustainable basis.

• The implementation of the programme has to be planned in a phased manner by empanelling 1 ½ times the targetted youth associations.

• While fixing targets, backwardness of district rather than population should be made the criterion to promote more youth associations to reduce regional disparities.

• Constant monitoring is the key for the success of any scheme. Therefore, a single agency at district level be made responsible to regularly monitor activities of associations.
• In most mandals, MYEOs are not in full charge. A responsible authority either a newly recruited IPO or a headmaster/active teacher/social worker be assigned at mandal level to look after all activities under CMEY programme.

• Training is a basic requirement for the successful implementation of any programme. It is essential to improve knowledge and upgrade skills. Training must be imparted at different levels of programme implementation, to:
  a) Youth associations in orientation and skill development
  b) MYEOs in project formulation, implementation and management of different activities
  c) DYWOs/CEOs in effective implementation of the programme.

• To ensure speedy and smooth hassle free flow of funds to youth associations, establishment of Youth Bank is considered an appropriate alternative.

• A district level federation of youth associations be formed with by mobilising deposits from youth associations. These federations be linked with the Youth Bank for effective implementation of the programme.