Chapter VIII

Summary of Findings and Suggestions
Indian economy has been facing challenges with regard to unemployment and economic growth. By and large, unemployment in India is structural, during the past five decades, population of India has grown at an alarming rate of around 2.2 percent per annum, whereas employment opportunities have not been increased correspondingly due to slow economic growth. However, the removal of unemployment has been a proclaimed objective of Indian economic plans. The problem of unemployment is perceived to be conflicting with the economic growth. Though with degrees of difference, every five year plan focused its attention on the removal of unemployment.

The pattern of economic growth in the capitalistic countries is causing an increase in poverty among the working population. The rapid technological orientation is widely regarded as the primary cause of unemployment.

The problem of the educated unemployment has a long history which dates back to British India. However, the problem has assumed tremendous proportions in independent India in spite of sincere efforts by the Government of India through its various five year plans and other special programmes. The sixth five year plan (1978-83) focused its attention on the removal of unemployment with the objective of "the achievement full employment". This trust got continued in ninth five year plan also. During the ninth five year plan, the labour force growth reached a peak level of 2.51 per cent per annum which was the highest so far in all plan periods.

During the eighth five year plan, full employment was the target (i.e., employment to every eligible citizen). During the ninth five year plan the labour force growth reached a peak level of 2.51 per cent per annum highest so far in all plan periods. Job opportunities had to be created for 53 million persons during 1997-2002, as a consequence labour force increased, for 58
millions during 2002-07, and thereafter for 55 millions during 2007-12 year in the subsequent plans.

Further, in view of new economic (reform) policy and prevailing electronic era, it is expected that there would be a shrinkage in employment opportunities and an increase in unemployment rate among non-technical educated mass of India. The problem has given threat not only to the economic development but also for the use of advanced technology. Therefore, 'educate on to provide employment to many' might be the slogan in the years to come.

In this juncture, the Indian economic planners have given a greater policy thrust to self employment as a strategy to eradicate unemployment in general and the educated unemployment in particular. A number of schemes have been framed so as to suit to different target groups. The PMRY is one such scheme, which aims to provide self-employment opportunities to the educated unemployed youths by assisting in creation of micro enterprises in the line of industry, service and business activities. The PMRY scheme with its unique features has brought a ray of hope among the poor educated unemployed mass, and one can expect paradigm shift in the living standards of masses in the future. However, continuous efforts are needed to evaluate how far the scheme has succeeded in achieving the results. Huge funds spent as financial assistance on the scheme should yield a desired result. An analysis would bring forth the achievements made and shortcomings encountered.

Moreover the eradication of educated unemployment in backward and agrarian districts like Raichur in Karnataka State, depends on better implementation of scheme like PMRY. The better impact of the scheme would lead to higher and improved standard of living of the educated unemployed youths in particular.

With this intention the present study has been undertaken to evaluate how for the PMRY scheme has improved the economic status of beneficiaries in Raichur district. A total sample size of 256 beneficiaries was taken and analysed using stratified random sampling technique. Pre-tested interview
schedule was administered on sample beneficiaries to collect necessary information to evaluate economic impact. The data collected was properly classified and analysed using incremental philosophy and statistical devices. In the following pages an attempt has been made to present a summary of important findings.

8.1 Population, labour force, Employment and Unemployment

The chapter presents-

- Educated unemployed at the national level at the state level of Karnataka.
- Educated unemployed in Raichur district. Trends and profile, unemployment position in estimated results at national level accounted for 20.27 (6.06 per cent) in 1991-94, at the same time population growth recorded was 893.68 million.

During 2004-05 population growth was 1092.83 million, however, unemployment rate gradually increased. In this way projected population upto 2016-17 would be 1283.24 million and during same period unemployed rate would be declined by 1.12 per cent.

The total number of educated unemployed youths register at employment exchanges in Karnataka was highest during 2006 accounting for 52 (000) percentage and in 2001-02, it was highest due to some major drought reasons and increase in number of matriculate pass.

During 2007-08 educated unemployed youths who registered their names in employment exchanges was very lowest i.e., 1016.08. There was no hope to get employment through employment exchanges in Karnataka. Matriculates and non-matriculates were the highest who registered in employment exchange, because of they were in need of employment at that time and number of matriculates and non-matriculates belong to dropout section as compared to the other degree holders in Karnataka state.
But employment in the organized (public and private) sector in Karnataka gradually increased in 1992-93 it was 1501.0, upto 2007-08 was 2122.6. It actually recorded a better position in Karnataka. As shown in the table (2.5) highest employment generation in public sector as compared to private sector was women employment.

Raichur district has continued to be an educationally backward district since independence. Initially the district was backward in both infrastructure facility and performance. Now considerable improvements have taken place in the provision of educational facilitation while performance levels much to be desired. The literacy rates in urban area (63.32 per cent) are generally higher than the rates in the corresponding rural (49.22 per cent) areas. Devdurga taluk was very lowest in urban (52.37 per cent) area as well as in rural (38.00 per cent) areas.

The matriculates are not only in dominating position but are also increasing among total job seekers as shown in table 2.6. Men job seekers are more in number as compared to women in the district. There is no employment opportunity either by the government or by private sectors. They have to fight for everyday to search work. This is a far facing major problem of labour class people in the district. In the same way no one can see the villagers crucial problems in the district. They come every day to search the labour work, if did not get the work go back to home. This is their routine to get the work, food and basic needs.

In this way, now considerable improvement has taken place in the provision of educational facilities while performance level there is much to be desired.

The chapter presents an overview of PMRY and PMEGP. It includes section I PMRY and section-II PMEGP. PMRY has been implemented as per Government guidelines in Karnataka. And progress of PMRY at national level, state level and also in the study area has been assessed here.
The PMRY scheme progress and performance at the national level was the highest accounting for 82.73 per centage of disbursed to sanctioned amount in 1994-95. It was extended to rural area to urban areas in the same year. 130.55 per centage of beneficiaries got the highest sanctioned amount. 554873 number of applications were received as against the target of 220000. Finally 85.51 per centage of beneficiaries got the scheme sanctioned which was highest in number.

Out of the several progressive schemes PMRY scheme has been successful in providing employment to rural and urban areas in India.

It is clear from table 3.2 that gradually increase in subsidy amount was 30.00 crores in 1993-94, upto 2007-08 it was Rs. 365 crores. In the same period 35 crores was budgetary allocation in 1993-94, and it got increased to Rs.320 crores in 2007-08. During the period of 2006-07 number of loans disbursed by banks was 87.01 per cent. It was highest in last fourteen years as against the target of 24000 applications.

In the same way 68.89 per cent of loans got disbursed from banks as against target of 2255 applications. It was lowest inception of the programme.

The table clearly shows amount sanctioned by banks as compared to disbursed amount so this programme was needful to educate unemployed youths both in rural and urban areas of Karnataka.

The minimum number of applications received during 1993-94 was 1023 and during 2007-08 it was 4136 in the study area.

Progress in financial aspects is far from satisfactory. This can be observed by the loan amount sanctioned and disbursed to beneficiaries under the scheme. The quantum of loan amount disbursed was Rs. 14.14 lakhs (41.25 per cent) in 1993-94 but there is variation upto 2007-08.

8.2 Activity Selection

The study reveals that a majority number of beneficiaries selected the activities for no particular reason in rural area (21.88 per cent), whereas the
profit potential in urban area (72.66 per cent). However, rural area beneficiaries selection of this activity was for the main reason of to get the work. But urban area beneficiaries main aim was profit oriented one.

8.3 Family income and Employment Status in pre-scheme Period

The family income and employment status of beneficiaries in pre-scheme period carried paramount importance, not only in fulfilling the scheme guidelines but also to determine the investing capacity of beneficiaries. The analysis shows that a majority (78.13 per cent) of beneficiaries had below Rs. 15846 income and remaining (21.88 per cent) had Rs. 15847 to Rs. 24000 income range in rural area. Whereas, 60.94 per cent were below the income range of Rs. 15846 and 10.16 percent beneficiaries were between the income range of Rs. 15847 to Rs. 24000, remaining 15.63 per cent of beneficiaries were between the Rs. 24001 to 40000, and 13.28 per cent of beneficiaries were between the income range of Rs. 40001 to 75000 respectively.

Though the scheme is for lower income people, the predominance of beneficiaries with higher income level indicates a failure on the part of Task Force, which is charged with the responsibilities of identifying suitable beneficiaries. The scheme availability was perhaps unknown to many of the poorer sections of society.

Majority (21.08 per cent) of beneficiaries had household work in rural area at pre-scheme period. Followed by 18.75 per cent self employed and 15.6 per cent unemployed respectively. In urban area majority (42.19 per cent) were unemployed in pre-scheme period. Followed by 22.66 per cent household workers in the study area.

8.4 Education and Parental Occupation

Both the educational qualification and parental occupation are equally important for the success of units. The study found that majority (28.13 per cent) of the sample participants are PUC passed and the rest of were SSLC, graduates, diploma holders or other qualification holders.
An analysis of parental occupations of sample beneficiaries shows that the employees in a private organization were predominant (30.47 per cent) in rural area, whereas, self-employed (46.88 per cent) were in large number in urban area, indicating that most of the beneficiaries are first generation entrepreneurs.

8.5 Gender, Caste and Marital Status

The success of any economic activity is governed by sociological and biological factors like gender, caste and marital status of the beneficiaries. Therefore, the study found that the participation by male beneficiaries dominates i.e., 173 (67.58 per cent), over the female 83 (32.42 per cent) participation in the scheme. Female participation is more in rural area than in urban areas.

An analysis of sample size shows that a substantial (14.06 per cent) number of beneficiaries from other categories obtained benefits under the scheme, while lower sections of the society, namely SC/ST’s (27.73 per cent) and OBCs (25.39 per cent) beneficiaries opined the same in the study area. Majority (32.81 per cent) of beneficiaries are benefited by the scheme.

The marital status of beneficiaries shows that 75.00 per cent of beneficiaries were married and their number is more in rural areas than in urban areas.

8.6 Sector-wise Classification of Beneficiaries

The scheme guidelines restrict the sanction to business sector at 53.52 per cent of the total activities classified under the scheme, out of 256 samples. The analysis of sample size shows that 38.28 per cent belonging to service sector and remaining 8.20 per cent to industry sector. It is quite evident that the Task Force has not strictly adhered to the PMRY guidelines.

8.7 Time Taken to Sanction and Disbursement

After receiving applications from beneficiaries the DIC officials takes on an average 3-months to send application to sponsoring banks. Rural area
beneficiaries opined that it took time more than 4 months. There is no discrimination between rural and urban areas. But in urban area beneficiaries used some tools to get selected for PMRY assistance i.e., political interference, corruption etc. Average time is taken for disbursement of loan by the Banker.

After receiving applications DIC takes an average 3-4 months to sanction PMRY assistance, and later on, banks take another 3-4 months time on average to release funds, such an inordinate delay can thwart the well planned designs and objectives of beneficiaries.

8.8 Average Time Taken to Start the Unit by Beneficiaries

After disbursement of loan from bankers, majority of beneficiaries opined that they took less than one month to start the unit.

The increase of activity cost and loss of time on account of delay in sanctioning loan cannot be stopped. The beneficiary finds PMRY assistance short and thus goes for private and expensive source of finance. This acts as damper of good socio-economic impact. Therefore, a quick or immediate sanction and release of funds in case of viable projects can definitely contribute to economic progress, of course, this may add to the worries of DIC and banks. The efficient use of availability, staff, overtime work, working on holidays, use of computers etc, can contribute in reducing the number of candidates waiting for sanction.

8.9 Inspection of Unit by Banker

Bankers are expected to visit the premises of the venture in pre and post-scheme periods to assess the viability and proper utilization of loan amount by the beneficiaries. The majority of beneficiaries in urban areas opined that the bankers visited the units both in pre and post project periods, but it is not so in rural areas. The lack of visits by the bankers shows a callous approach in implementing the scheme in rural areas.
8.10 Nature of Training and Agencies Involved in Imparting Training

Every beneficiary has to undergo a mandatory training under the PMRY scheme. The training provided should be relevant to the activity selected by the beneficiaries and the training institutes should be equipped with minimum facilities. This reveals that a majority of sample rural beneficiaries have undergone general management training rather than the activity related training. Further, the business and industry related activities require more specific skills than service oriented activities. The government owned training institutions, viz SISI and CEDOK have trained more beneficiaries than the NGO's in the district.

8.11 Implementation of the Scheme

The success of the units sponsored under the scheme depends not only on proper activity planning but also on proper implementation. Implementation here refers to the efficiency with which the scheme is executed by DIC and bank officials. The study found that an average aspirant has to wait 4-5 months for getting loan sanctioned and then more than 5-6 months for disbursement of the loan amount. On an average one has to wait almost for 8-10 months for receiving the loan amount in both rural and urban areas. Maximum percentage of beneficiaries have received the loan amount lower than the projected, and more than the 75.00 per cent of beneficiaries have invested (in the venture) more than the loan sanctioned, which indicates that the PMRY beneficiaries depend on scheme only for part financing of their venture. The beneficiaries, who have invested more than the sanctioned loan amount, and managed their excess requirements by taking loans from private money-lenders and their percentage of interest is more in urban areas, still more in rural areas.

Further, the banker prefers to release the loan amount in 3 installments, though an early release is very much necessary. A substantial number (71.43 per cent) of beneficiaries were given the loan period ranging from 5 to 6 years through the scheme provides upto 7 years. A majority got sanctioned only a minimum loan amount i.e., 50,000.
8.11.1 Employment Generation

The prime objective of the PMRY scheme is to generate employment to the educated unemployed youths through the establishment of ventures in the industry, service and business sectors. Therefore, the study evaluated how for the scheme has succeeded in generating the necessary employment opportunities. The new units have generated more employment in rural and urban areas than the old units as they have reached saturation point. Whereas the employment to family members and for hired labourers is more in old units as the beneficiaries have been already self-employed in pre-scheme period. Though the industry sector generates more overall employment, business and service sectors generate higher percentage of self-employment in urban area. On one hand, the business sector creates more overall employment, on the other hand the service and industry sectors create more self-employment in rural areas.

8.11.2 Income Generation

An economic activity formed under the scheme has to generate sufficient income for the beneficiaries for the continuous progress and repayment of loan amount.

The new units have generated income in lower and middle ranges both in rural and urban areas, but their incremental income is more than that of old units, since majority of old units used the loan amount for repayment of old debts they had also reached the saturation point.

8.11.3 Asset Creation

The industry sector dominates in old units in both the areas, while in new units the business sector has created more assets in both the areas since the loan amount sanctioned is more for industry sector. However, the earnings are more in business sector than in other sectors.
8.12 Effectiveness of the Scheme

To know the true success of the units sponsored under the scheme, it is necessary to check the cost-effectiveness of the investments made with employment and income generation among the sponsored units. Therefore the study found that the average incremental mandays of employment generated is more in rural areas than in urban areas, the labour productivity ratio is more in urban area than in rural areas, and the effect is better in business sector than in service and industry sectors. This is found due to higher incremental earnings in urban areas than in rural areas. The incremental employment generated is more investment effective in urban area than in rural areas. The business sector in rural area and service sector in urban area are more employment effective.

8.13 Repayment Habits

Generally, the success of the units sponsored under the scheme is measured through the percentage of repayment of loan amount. In this regard the study found that repayment habit is poor in rural and urban area counterparts. It is hypothesised that higher the income level; higher would be the extent of loan repayment. In this regard majority (80.47 per cent) of beneficiaries have used the mode of repayment on monthly basis, both in rural and urban areas.

It can be inferred that no one is willful defaulter; it is the lower income which makes one to become loan defaulter. Therefore, the hypothesis, i.e., higher activity income propels the beneficiary to return loan installments is proved. Further, the substantial position of units are regular in repayment of loan amount because of strict insistence by the bankers to make regular repayments. Among all the sectors, the service and business sectors are having little bit better position in regular repayment of loan, due to regular income from these units.
8.14 Perceptions of Beneficiaries and others in the Post-Scheme Period

An unemployed person who becomes self-employed and transforms himself as an earning member of a family imparts a change in the treatment of others towards him and a remarkable change is noticed in his behaviour. The PMRY scheme is expected to bring about this change through economic progress. In other words, the PMRY is both a scheme of economic progress and social progress. Through the scheme, it is expected to bring a progress in economic as well as in social fronts too.

In this study an attempt has been made to evaluate the economic impact of the PMRY scheme on the beneficiaries in the study area. When the beneficiary gains economic progress automatically social factors change the perception of family members also changes invitation to social function, educational institutions membership of social or political associations, etc., naturally follow him. The indirect objective of the scheme is to increase the standard of living of beneficiaries and their dependents in particular and society in general. This clearly indicates the impact of the scheme on the beneficiaries in terms of increased economic stability, which in turn helps them in providing good education to their wards in standard schemes.

The study constructed several important hypothesis to draw proper conclusions.

The study shows that higher activity income leads to higher repayment capability among the beneficiaries. Economic impact is very much skewed against rural areas than against urban areas. The repayment of loan under the scheme is generally poor both in rural and urban areas.

5.15 Constraints and Preferences of Beneficiaries

The constraints encountered by the beneficiaries have been classified into two categories viz.,

- at DIC level,
- at Bank level.
The major findings in this respect show that majority of beneficiaries did not receive any information about the task force interview, technical backup and training invitation etc., from DIC. The problems at bank level include difficulties in obtaining of loan application forms, under financing, insistence on collateral security, delay in sanction and disbursement of loan and difficulty of getting NOC, etc. However, the problems are more severe in urban areas than in rural areas. Though the scheme expects the State Government to provide these facilities on preferential basis, the study found that no such facilities have been extended by the departments concerned to the beneficiaries.

The needs of aspirants and contents of the scheme must synchronise with each other. In other words, the scheme would be fine-tuned to meet the beneficiaries needs. Majority i.e., 126 (49.22 per cent) of beneficiaries out of 256 were not satisfied with the scheme both in rural and urban areas. The major reasons for non-satisfaction are limited loan component, no interest subsidy, small subsidy amount and compulsory margin money.

In conclusion, it can be said that scheme has not succeeded in yielding the desired results to the extent desired. For rural areas as well as beneficiaries, in such areas the DIC and others have to make concerted efforts to percolate the benefits. In terms of the three parameters employed by the study, the rural beneficiaries fell short of expectation. This does not mean that urban beneficiaries are performing extremely well. The study reveals an important point that loan repayment habits are high or better in rural areas than in urban areas and further these have higher employment creation in man-days.

The activity income constitutes to be the major source of loan repayment, and loan repayments tend to increase with activity income. All this indicates that rural areas need to be given more stream on PMRY scheme implementation. The large percent of population of India lives in rural areas with no employment opportunities. The PMRY scheme is a key to solve most of the problems of rural areas. A proper implementation is what needs to be done to make the scheme more popular in rural areas.
The study shows that the benefits are not well spread in industry, service and business sectors. The business being most favoured sector in terms of benefits, the sectors falls behind other sections in terms of employment effect, income effect and asset creation. The import on the new and old units reveals that the new units are better in creating incremented employment, incremental assets, and incremental income. It is clear that financing to old units make the rich become richer still, on the other hand, financing to new units makes the poor become the rich. Therefore, financing to new units has brought social justice and equity, which are also a need of the hour and an indirect objective of the scheme. Therefore, investments made in new units are quite appreciable.

The impact of the scheme on special category (SC/ST's/OBCs and Minorities) beneficiaries reveals that the incremental man-days of employment are lower than in the general category beneficiaries. However, they have created more percentage of self-employment, since majority of them are first generation entrepreneurs. The incremental income and incremental asset created are also less than those by the general category beneficiaries, because they suffered a lack of knowledge and under financing relating to activities undertaken.

8.16 Suggestions

India has an agrarian economy in spite of rapid industrialization since 1990. Its large part of the population still lives in rural areas with object poverty. The urban lot is also not fortunate to have enough jobs due to industrialization. The failure of small scale units, government and private sectors penchant for modernization and automation, growing population, etc., all these added the woes of the educated and uneducated rural and urban youths. The problem assumes severity in the case of the educated youths who after formal institutional and university education find no jobs. To alleviate unemployment on all fronts the Central Government announced the PMRY scheme in the year 1993-94. The PMRY is a novel way of equipping the educated unemployed youths with necessary inputs, in the form of capital, training, infrastructure facilities etc., to establish various activities.
The scheme has been implemented on all India basis with DICs acting as nodal agencies. Banks act as lenders to the participants selected by the DIC/Task Force. Though the scheme has grand objective of eradicating the educated unemployment in India, its performance over a period of time has been less satisfactory. The study area of Raichur district is no exception. The regulations and conditions of the scheme are flouted with impurity at all levels. The scarce resources are squandered at huge cost. The problem of the educated unemployment has remained unsolved at all levels including in the study area. The employment effects, income effects and asset creation effects have remained only policy objectives rather than becoming a reality.

In view of the above short coming in the working of the scheme in India in general and in the Raichur district in particular, the present study intends to provide various suggestions to make the scheme more effective and successful. The suggestions have been broadly classified into four areas.

- The scheme formulation.
- The scheme implementation and administration.
- The scheme evaluation and follow up, and
- Beneficiaries point of view.

All the above stages are important in the success of any socio-economic scheme. Good information, implementation and follow up lead to achieve the objectives of the scheme. A plan well formulated but implemented poorly with no follow up measures can squander the scarce resources. Lack of scientific formulation may also contribute to poor implementation. Good implementation and follow-ups are impossible without well thought out formulation. A scheme which is formulated and implemented well but no follow up measures are taken to evaluates the scheme can jeopardize the very purpose of the scheme. The follow-up makes possible the necessary changes, such policies may become absolute and redundant. Therefore, there should be a perfect planning, execution and control.
The poor performance of PMRY scheme could be attributed to loopholes at the four levels. Some of the features of the scheme seem to be outdated and inflexible. The implementation done at some level lacks further manner. Hence, present study attempts to provide certain suggestions.

8.17 Policy Formulation

Any scheme of socio-economic orientation should have an element of relevance and flexibility. The scheme should be drafted in such a way that the equal credence is given to local activities, social, economic, cultural, political, environment, etc. A straight-jacket policy without considering local conditions can cause more harm.

The policy formulation includes aspects like activity selection, extent of loan, maturity period, amount of subsidy, eligibility criteria, etc.

8.17.1 Loan Amount

The loan amount is a major component of the scheme. It should be ‘tailor-made’ to the activities opted by the beneficiaries. Therefore, it should be reasonably flexible taking into account the needs of various economic units. While deciding the loan amount, activity area should also be recognised. The loan amount should be fixed range-wise instead of fixing at a single amount. Though the aim of PMRY is to encourage individual small scale economic activities, the competitive and inflationary conditions have made it difficult to run the activity with fixed amount.

Besides providing mere seed capital the PMRY scheme should also help beneficiaries in harvest season by providing additional funds to successful units. Such a provision of additional funds would act as a motivator to beneficiaries to utilise seed money in a more productive manner.

8.17.2 Subsidy

The primary data show that a good number of ‘old units’ have taken the benefit under the scheme just for the sake of subsidy, though they do not need scheme funds. Thus the rich families managing old units have cornered the
benefits of the ‘subsidy’ for themselves. This is against the objectives of self employment schemes, i.e., to help and motivate the poor educated unemployed persons. Hence, the subsidy amount should be paid to those units which fulfil the following conditions.

- The units established with PMRY scheme assistance (new units).
- The units which have repaid 85 per cent of loan amount with the interest regularly as per installments, and
- The units working in good conditions.

The policy should prevent the intentional misusers from taking benefits and under the scheme, and will reduce the financial burden on the government, and motivates the genuine aspirants.

8.17.3 Training

The study shows that a substantial number of beneficiaries underwent only general management training and not the training related to activities undertaken by them. To achieve the fruitful results of the training, the training should be made relevant to the activities selected by the beneficiaries. In this context:

- The similar activities should be grouped for imparting training.
- The training period should be reasonably flexible so as to impart necessary knowledge for the activities chosen.
- The training should be conducted at block/taluka level to avoid inconvenience to rural aspirants in general, women and physically handicapped persons in particular, and
- Intensive training should be arranged to reserved category beneficiaries as they lack favourable socio-economic background.

These efforts will help in developing knowledge and technical skills among the budding entrepreneurs. Further, it will discourage half-hearted and indifferent persons from availing the benefits under the scheme.
8.18 Establishing a Separate Implementing-cum-Counselling Agency

Though counselling occupies a paramount role in the successful implementation of schemes like PMRY, the study shows the absence of such a facility for first generation entrepreneurs in the study area. The DIC's and sanctioning banks are never worried about informational needs of young aspirants. Banks and DICs feel PMRY as an additional burden. They are good in doing what the scheme conditions expect them to do and not beyond.

Therefore, PMRY scheme should provide the counseling opportunity. The question is who has to do this counselling. A separate counselling centre at DIC level will add to the cost. At bank level, the staff may lack required expertise to do this particular task. Counselling can best be combined at training level. However, counselling should be done before training is imparted. Training begins only after approval of the candidature of the beneficiaries. Counselling can also be done through impersonal routes like TVs, Radios, Pamphlets, etc. The basic intention of counselling is to assist candidates in project selection, management and implementation.

8.19 Restructuring of Educational Criteria

PMRY scheme is basically for the educated unemployed youths. The intention of the scheme is to provide self-income generating abilities among the participants. The question is what should be the criteria in deciding education level of beneficiaries. Education level indicates mental maturity of individuals, other things being equal. Higher education, better is the mental make up. A uniform criterion of VIII standard as minimum educational qualification is not a scientific way of formulating schemes like PMRY. The type of activity selected should decide educational criteria. The activity in industry sector needs more mental maturity than in business sector. Moreover, competitive pressures are so complex that complex activity should require higher educational level. The PMRY scheme should identify activity-wise educational requirements which in turn shows individuals where do they stand, what activities are suitable, what qualifications are needed for various activities, etc.
Further, individuals with higher qualifications can also be enticed by this change. The activity-wise educational conditions minimise the risk of unit failure, and help in activity planning and in better management of the unit.

In the study area, the Matriculates, PUC holders are more in number than, other beneficiaries and activities selected by them were simple and less difficult to manage. Autorikshows, grocery shops, milk vending, STD booths, etc., do not contribute to industrial development. The industrial backwardness can be arrested through activity related educational qualification, as difficult tasks can be solved better by qualified individuals.

8.20 Family Income Certificate from Revenue Authority

The scheme expects individuals to present income certificates obtained through Court affidavits. As a result, in the study area around 42 per cent ineligible beneficiaries managed to get scheme benefits, depriving poorer sections. Therefore, the scheme should insist on ‘Revenue Authorities’ to issue income certificate and further be sent for cross-verification to ensure genuineness of the certificate.

8.21 Fixing of Location-wise Targets

The analysis of data shows that the scheme effects are good even in rural areas also. The rural area-based beneficiaries have created more incremental man-days than urban area beneficiaries, and are also good in loan repayment. Moreover, 70 per cent of India’s population even in electronic era continues to reside in rural areas. Therefore, the scheme should be revised suitably giving equal opportunities to rural individuals. The activities, educational qualification, income level (family), etc., should be fixed.

The district target is to be reallocated to Taluka/Mandal/ Panchayat-wise targets. While determining the targets at each level, the local needs, potential and size of the population should be taken into consideration. This helps in bringing equal socio-economic growth both in rural and urban areas.
8.22 The Scheme should be Made Permanent

Any scheme of socio-economic relevance besides being flexible and relevant should also have an inbuilt system of permanence. This does not mean that every scheme should become a permanent phenomenon. However, impermanence does affect the confidence of beneficiaries interested in the scheme. A permanent scheme could entice the interest of unwary beneficiaries. Therefore, the PMRY should run on a permanent basis with few modifications here and there.

8.23 Enhancement of Target Under PMRY Scheme

There is an urgent need to increase the target under the scheme in response to the growing demand for employment opportunities by the youth in general and the educated unemployed, especially in the backward agrarian district like Raichur in particular. Such a step would certainly go a long way in mitigating the problem of youth/the educated unemployment.

8.24 Policy Administration and Implementation

As said earlier, the PMRY scheme for its success depends not only on proper formulation but also on the proper administration and implementation. Administration and implementation are all about how the scheme is managed at DIC and bank levels. The DIC is a nodal agency while bank happens to be a lending institution. The DIC selects beneficiaries and refers them to banks for financial assistance. The DIC has to properly select the beneficiaries, help them in selecting activities and in preparing project report, etc. The bank has to undertake the task of timely release of funds, visit premises, etc. A proper coordination is always called for between DIC and banks. Besides this, administration and implementation include provision of infrastructure facilities like power, water, industrial sheds, training, etc. A packet of all these services would go a long way in achieving the objectives of the scheme.

The present study reveals many perplexing things. The DIC renders no assistance, beneficiaries undertake no activity planning, the banks...
than the projects requirements, security is insisted upon, the beneficiaries are made to wait for a longer period both for loan sanction and loan disbursement. The beneficiaries invest more than sanctioned amount through personal borrowings as a result of sanction of lower loan amount and undertake activity change without concurrence of D1C and banks. Training is imparted only for a short period on peripheral aspects. All these indicate that the implementation of PMRY in Raichur district is less satisfactory.

The following suggestions are made to make the implementation of the scheme more beneficiary friendly.

8.24.1 Need to Publicise Legal Consequences of Misuse

The field study revealed that a majority of youths and general public were under misconception that loans under the scheme are not refundable. Therefore, it is essential to bring to the awareness among the public that the financial assistance under PMRY scheme are certainly not free loans and very much repayable in full, with bank interest as per installment schedule. Those who misuse the funds should be booked and punished under the law mercilessly and such persons’ names should be given wide publicity. This action will not only help in discouraging the potential misusers and willful defaulters, but also motivates the genuine aspirants to feel that the programme is for them and for their betterment.

8.24.2 Need of Sectoral Classification of Activities

It is observed that some of the activities have been double counted in different sectors. The upper loan limit is fixed on sector-wise activities, if the corresponding strict classification is not been made properly then it would leads to confusion of activities and their sectors. Therefore, it is very much essential to make a clear classification of activities and their sectors. This helps in avoiding confusion both in sanction of amount and considering the related sector.
8.24.3 Extension of Cordial Relations Between DIC and Banks

The success of every socio oriented scheme basically depends on the harmonious relationship between the implementing agencies. The DIC and service banks are the two major organisations involved in implementing the PMRY scheme in the district level. Therefore, the co-operation and co-ordination between these organisations is very much needed. In order to identify the genuine beneficiaries and viable projects for loan assistance, it is suggested to involve the bank personnel from the initial stage of application processing, especially at the Task Force level of the district/taluka. Such step would not only economise the time for processing applications at the bankers' level, but also ensures quick sanction and release of the loan amount. Further, it creates harmonious relations between bankers and DIC officers and also a good impression on the beneficiaries about the PMRY scheme.

8.24.4 Insistence on Activity Planning

The study reveals that all the sample units or beneficiaries did not undertake activity planning. Further, the socio-economic impact has been extremely better for planned units than for unplanned units. This clearly shows that economic performance of any unit always depends on proper planning.

Activity planning can be defined as planning of various economic aspects of activity intended to start; like market structure, product needs, competitors' strength and weaknesses, customers' requirements, etc. Such pre-promotional work helps the beneficiary to understand the implications of the business he is intending to start. It is obligatory on the part of DIC and bank to insist upon every beneficiary to undertake at least preliminary survey, if not a detailed cost-benefit-analysis. However, if cost-benefit-analysis is done, it enhances the probability of success rate of the unit financed. Proper consulting is very much necessary, which DIC has to do in the interest of economic development of beneficiaries.
8.24.5 Amount of Loan

The study shows that a large majority invested the amount more than loan sanctioned by DIC and bank. The excess amount has been brought through borrowings from money-lenders, friends, relatives, etc. This clearly indicates that PMRY loan assistance is inadequate, thus, needs to be increased reasonably to suit the prevailing conditions. It also points out that beneficiaries regard PMRY assistance as only secondary or part finance. Such an attitude of using PMRY resources jeopardizes the very purpose of PMRY assistance. It is quite possible that a beneficiary may borrow excessively from other sources and may end up in debt trap and loss, due to excessive interest outgo.

Therefore, DICs and banks have to prune project cost to the limit of finance under the PMRY. If this is done, industry-related activities get distanced, as PMRY fund would be insufficient. Therefore, a suitable increase in PMRY financial assistance is very much necessary.

This does not mean that PMRY benefits should continue as a primary source for all time once the unit is established, a beneficiary can borrow more and repay such loans out of business income. The PMRY assistance should serve as a seed capital and should sow the seeds of success. If PMRY is changed to provide additional assistance for successful units, this further contributes to better economic impact.

8.24.6 Time Taken to Sanction and Disbursement

The study reveals that DIC takes on an average 5-6 months to sanction application for PMRY assistance and later on, bank take another six months, on an average, to release funds. Such an inordinate delay can thwart the well-planned designs and objectives of beneficiaries. The increase of activity cost and loss of time on account of delay in sanctioning loan cannot be stopped. If cost over runs due to inflation, the beneficiary finds PMRY assistance short and thus goes for private and expensive sources of finance. This acts as damper of good socio-economic impact. Therefore, a quick or immediate sanction and
release of funds in case of viable projects can definitely contribute to economic progress. Of course, this may add to the worries of DIC and banks. The efficient use of available staff, overtime work, working on holidays, use of computers, etc., can contribute in reducing the number of candidates waiting for sanction.

8.24.7 Limiting the Business Sector Unit

A perusal of earlier pages clearly reveals that business sector is the most preferred sector on the part of all involved in PMRY scheme, i.e., beneficiaries, DIC and banks. Such preponderance does not augur well for beneficiaries development and the growth of the area. The business sector is normally predominated by trading activities which involve buying and selling of others products. The sector is less creative, less challenging and less profitable.

On the other hand, service and industry sectors are highly creative, challenging and profitable. Further, they are highly employment oriented especially industry sector. An establishment of industrial unit gives direct and indirect employment to many. The DICs and banks should recognise the significance of service and industry sectors, and especially qualified persons to opt for such activities.

The earlier suggestions like insistence on higher education for industry sector, higher finance assistance, higher subsidies, etc., will help in development of industry sector. The establishment of such profitable and employment oriented units lead to better socio economic progress.

8.24.8 Release of money in Installments

The present study shows that the sanctioning banks release the money in more installments. Though the scheme guidelines are not clear, such policy has both positive and negative points. The positive points include ensuring the success of the unit by not releasing entire money at once. An unscrupulous beneficiary may squander entire loan amount released in one installment and can become a defaulter. However, such installment release of money could affect profitable units run by honest individuals. They could force such
individuals to borrow from private sources at unaffordable rate of interest. This tantamounts nailing in the bud of the successful units.

Therefore, rather than blindly following installment basis for all beneficiaries, the bank should decide the approach case by case. Individuals with viable projects, good reputation, from good family background, higher qualification, etc., should be sanctioned in one installment than in several installments.

8.24.9 Not to Insist on Security

The PMRY scheme has been formulated with a view to give economic livelihood to individuals who lack resources or tangible properties to borrow on their own account. To avoid the loan becoming asset, the bankers insist on security on helpless and poor sections. But, the PMRY scheme will yield no expected socio economic progress of beneficiaries. Therefore, insistence on security should go. This means that the banker should not look at collateral security but at primary security, i.e., beneficiary himself.

8.24.10 Wider Participation of Banks

PMRY is a social scheme and eradication of unemployment has been a social objective. Such social cause should voluntarily and equitably distributed among all, including banks.

The targets should be well fixed and be insisted upon on all banks for implementation.

8.24.11 Sanction of Loan for Permitted Maximum Period

It is observed that the loan is sanctioned for an average period of 5 years though the maximum permitted period is 7 years under the scheme. This increases the installment amount, which affects badly the capital structure of the unit. It also affects the social and economic living conditions of beneficiaries. Thus he/she may become the victim of debt trap, and this may lead to the closure of the unit. Therefore, service banks must take care for sanction of loan for the maximum permitted period of 7 years. This will reduce
the installment amount, which not only helps the beneficiaries to repay the loan amount regularly without affecting the financial structure of their activity, but also makes their living standard better.

8.24.12 List of Documents should be Asked at a Time

The service banks have adopted delaying tactics by asking beneficiaries to submit documents one by one. This process not only creates frustration among the beneficiaries but also increases operating cost of service banks. Therefore, a list of documents required should be asked to be submitted at a time instead of asking one after another. This effort not only saves the time and cost of service banks but also avoids the frustration of beneficiaries. Further, it helps in quick discharge of loan amount.

8.24.13 Provision of Infrastructure Facilities

The Raichur district is an agrarian backward area comprising more of rural places. The study observed that the beneficiaries under the scheme were facing lack of basic infrastructure facilities, such as, premises/sheds, electricity supply, raw material supply, water, roads, etc. The shortage of which will hamper the success of the unit. Therefore, it is very much need of the hour to provide these facilities on preferential basis.

8.24.14 Encouragement to Reserved Category Beneficiaries

The participation of reserved category beneficiaries, i.e. SC/ST/OBCs, Minorities and others has been found far lower than the reservation earmarked to them. Therefore, a special drive is to be made to motivate and encourage these aspirants for undertaking self employment ventures under the scheme. Such emancipated reserved category beneficiaries can bring a significant change not only at their family level but also in the whole society.

8.24.15 Women Units Need to be Fairly Financed

It is observed that the units sanctioned to women beneficiaries were petty in size (i.e. saree vendors, milk parlours, flowrists, etc) presuming that they are incapable of managing their activities and would be unable to repay
the loan amount, etc. The financial assistance is to be made as per the need, viability and intention of utilisation but not on gender basis, which not only reduces the social inequality but also helps in realising ‘Womens’ Empowerment’ and women entrepreneurship development.

8.24.16 Treat the Applicants as Budding Entrepreneurs

The field study revealed that the beneficiary was an unwanted child for the banker. Bank officials suspect the assistance seekers under the scheme as potential misutilisers than as potential entrepreneurs. It creates bad impression among the educated mass and discourages to undertake self employment ventures under the scheme. Therefore, the economically backward and socially depressed educated unemployed youth were badly in need of friendly treatment and advice by the officers in the service banks. It should motivate them in undertaking self employment.

8.24.17 Simplify the Procedure for Issue of NDCs

It is observed that majority of urban beneficiaries experienced a severe problem in getting NDCs from various service banks spread over the city which has created physical strain, frustration, etc., among poor assistance seekers under the scheme. Therefore, it is the need of the hour to simplify the procedure for issue of NDCs. In this regard, the common list of defaulters is to be prepared in consultation with all the service banks coming under the ambit of lead bank. This list should be duly renewed from time to time and maintained with DIC/TIC/Lead Bank. The aspirants can take clearance certificate from the authority concerned and the same be treated as NDCs. This effort not only saves the time and energy of beneficiaries but also reduces/economise the working cost of banks. Further, it helps in early sanction and disbursement of loan amount.

8.24.18 Recovery of Loan Through the Daily Pigmy System

It is observed that the activities established under the scheme are basically micro units in nature and majority of beneficiaries expressed their
inability to accumulate their daily earnings for payment of monthly installments. It has been one of the major reasons for default in repayment of loan amount. Therefore, the strategy of daily pigmy should be adopted for recovery of loan amount from the beneficiaries which is not only convenient to the beneficiaries but also reduces NPAs under the scheme.

8.24.19 Policy Evaluation and Follow Up

A social oriented scheme, however, well-formulated and implemented, is bound to fail if not evaluated and followed up properly, lack of evaluation and follow up can turn a policy into topsy turvy. Most of the times, policies formulated fail because no one initiates any action and takes any measure to control poor performing areas and units.

Evaluation and follow up involve a continuous comparison of actual performance against derived performance and steering the unit on a right path. This helps poorly working units to improve their performance and to bring on track efficiency and effectiveness. The follow up reveals areas of strengths and weaknesses, difficulties encountered, shortcomings observed, etc. It throws a plethora of information which could be used to prove undesirable indicators.

The study reveals that ineffective working of PMRY beneficiaries can be attributed to some extent to poor follow up measures by DIC and banks. Had these measures been initiated properly, the units would not have seen lower socio-economic impact. As such, some of the following measures are suggested.

8.24.20 Periodical Visits by the Service Bankers

It is observed that neither the DIC nor the bank officials visit the units after their establishment under the scheme except for recovery of loan amount. The first generation entrepreneurs need timely guidance and motivation in solving problems, faced by them. Therefore, they have to pay a periodic visits to the units and assess their current work status which not only motivates the beneficiaries but also streamlines the regular repayment of loan amount.
8.24.21 More Powers to Joint Recovery Committee

A streamlined Joint Recovery Committee with certain powers to nab the misutilisers and wilful defaulters is necessary. This effort not only discourages the intended misutilisers but also brings social equilibrium by helping the needy persons.

8.24.22 Successful Beneficiaries Should be Rewarded

By forming PMRY beneficiaries’ association at the district/taluka level, seminars/conferences should be conducted and their experience should be passed on to other beneficiaries. The successful entrepreneurs should be properly rewarded and recognised to propel everyone to evaluate such individuals.

8.24.23 Sponsoring Evaluation Studies

An evaluation of the performance and progress of the scheme can be better judged when it is conducted by an impartial and independent agency. Therefore, the DIC and lead banks should sponsor district level evaluation studies by external agencies/individuals on the self employment scheme in process, which not only throws light on the lacunae but also provides some useful suggestions to make the scheme more viable.

8.24.24 Conduct of Consultation Meetings

The success of scheme like PMRY depends on implementing authorities like DICs and banks. These agencies should hold consultation meetings at least once a year, where all beneficiaries under the scheme should assemble to express their views, expectations, difficulties, etc. Such meetings should also include training staff, officials from government, other agencies like KSSIDC, KSIMC, KSFC, SISI, CEDOK, lead bank officials, Employment Exchange officials, etc. All these officials should be made answerable for the difficulties, shortcomings of the scheme. Wide publicity should be given through media and electronic media about the deliberations, suggestions, etc., for the benefit of absentee beneficiaries and for record purpose of other beneficiaries.
The question now arises as where to conduct such meeting, and who should bear the cost of such meetings, etc. The scheme of PMRY, as already noted, is a social scheme expenses should be borne by all beneficiaries. The beneficiaries should be asked to pay nominal fees for such meetings, and paraphernalia of the meeting should be kept to a minimum. The officials of various agencies should be paid no sitting fees, and their attendance be considered as mere ‘on duty’. Such a consultation meeting, besides serving the economic purpose, also acts as a social get-together. The contacts so established would help beneficiaries to form social and cultural groups at activity level, sector level, area level. All such groups would pave the way for enhanced social contacts and more acceptability of PMRY beneficiaries in the society.

8.25 Beneficiaries’ Point of View

All said and done, it should be always remembered that PMRY is not panacea for all the educated unemployment related problems. It is only an instrument or tool through which planners and administrators would like to address a mountainous problem. However, the scheme is planned and implemented, and the scheme on its part expects a lot from beneficiaries. A right mental attitude and positive thinking is what one needs. The following are some of the things which the present study would like to suggest for better socio-economic impact of PMRY scheme in particular and for other schemes in general.

- The beneficiary should take PMRY only as a tool and as a solution for the problem by itself. The beneficiary himself is the solution for unemployment.
- The PMRY benefit is only part finance and not a total finance, i.e., it is only a seed money and not a tree itself.
- The scheme money is a social resource and social resources are scarce and have their own cost. Timely repayment and better utilisation are social responsibilities.
• Since PMRY is a social scheme and benefits are to be social oriented, the beneficiaries should extent benefits to outsiders rather than his own family members in employment fold. The objective should be "employment to others" and not the 'self employment' and family employment'.

• The beneficiary should be honest, disciplined, hardworking, sincere, forthcoming, straight forward, etc. He should continuously monitor his performance against goals set by the scheme and should be bold enough in initiating corrective measures.

A well conceived, managed and followed up scheme on one side and an emancipated and positive beneficiaries on the other side, are the two pillars on which the socio-economic impact of the scheme can be well-built. The coming together of these two things would generate a thumping sound of two hands in the form of heightened socio-economic impact.