
CHAPTER - I

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CHAPTER - II_N_T_R_O_D_U_C_T_I_O_N_1.1 INTRODUCTION :

Growth of population and expansion of educational system are adding millions of job seekers every year to the stream of unemployed cadres of both educated and rural landless. Our economic growth has not been able to create adequate job opportunities to absorb the growing unemployed. Most of the developing countries of the world today are concerned with the crisis of unemployment.

The growing unemployment among educated people is a matter of great national concern. The educational system of country has too much to contribute to this unhappy situation. With a rapid expansion of educational facilities both at the school and university stages, the out-turn of educated persons has increased fast.¹

Education in India is not related to its environment so that the people go through books and laboratories for so many years and come out with certificates which have little relevance to relatives. This educational system is still mentally enslaved to the old pre-independence pattern and to the imported of the West.

Though the problem of educated unemployed is primarily related to the rapidly rising rate of population growth, it has directly related to the present system of education. Educated unemployment is by and large a part of urban unemployment. It is a very serious and menacing problem.² Unless the incidence of unemployment is held in check, it will definitely eat into the overall economic growth which we will be able to achieve in future.

For eliminating the problem of educated unemployment various employment programmes were implemented in the past and some of them are still continuing in modified form.

In a developing country like India, self employment holds the key to the solution of unemployment problem. Creation of employment opportunities is one of the parts of India's Five Year Plan. It also aims at creating employment opportunities through self employment ventures. But actually the problem of educated unemployed persons is not solved due to lack of finance for their willingness to set up new business ventures.

1.2 SELECTION OF THE PROBLEM :

In view of the facts mentioned above, the -

researcher undertook the study of financial assistance to educated unemployed under self employment scheme in Kavathe Mahankal Taluka. In Maharashtra State, particularly Kavathe Mahankal Taluka in Sangli District is a rural and drought area. Although the Kavathe Mahankal Taluka is a rural and drought area, there are many educated unemployed youths, who have not got employment opportunities. These unemployed youths have opportunities to start their own self employment ventures in industry, service and business.

But actually the self employment scheme did not hold deep root in Kavathe Mahankal Taluka. The educated - unemployed youths who had started their own ventures in industry, service and business were not carrying reasonable profit.

In June, 1985, the researcher visited the Office of the District Industries Centre , Sangli to find out total number of entrepreneurs who had started self employment ventures under self employment scheme. It was found that out of total 3,159 entrepreneurs in Sangli District, 70 entrepreneurs were related to Kavathe Mahankal Taluka during the year ended 1984-85.

Then the researcher visited to Sub-Regional Employment Office, Sangli to find out actual number of educated unemployed persons registered with Employment

Exchange at different levels of education. But the researcher did not get the data regarding actual number of unemployed persons registered with Employment Exchange, in Kavathe Mahankal Taluka as the data was not so made available.

Then the researcher visited actually some of the registered addresses of entrepreneurs in Kavathe Mahankal Taluka. It was discovered that most of the educated unemployed youths who had taken assistance under self employment scheme, were carrying the ventures in reasonable profit. But most of them were not working properly. It was also found that some educated unemployed youths who had taken assistance under the scheme were running business in reasonable profit, repaying their instalments.

In primary investigation, it was found that these entrepreneurs were taking advantage of assistance and creating opportunity of self employment. The researcher was also unemployed, the experience of which he had helped to recognise the socio-economic problems of educated unemployed youths.

It is for this reason that the researcher undertook 'A Study of Financial Assistance to Educated Unemployed under Self Employment Scheme in Kavathe Mahankal Taluka'.



SELF EMPLOYMENT :

The self employment is an individual activity of the unemployed persons for setting a small industry, business or service units to create employment opportunities with the help of finance. Employment is a function of the expansion of the gross national product. The choice of appropriate technology, therefore, coupled with and - acceleration in investment and industrial activity in the right direction would at one and the same time, solve the problem of unemployment and stagnant per capital income.³

One most important function of the entrepreneur is to start self employment venture, for which sufficient finance is essential. According to Richard Cantillon, 'An entrepreneur as a person who buys factor services at 'certain' prices with a view to sell its product at uncertain prices in the future.'⁴ Here the term entrepreneur is related to the educated unemployed youths in the age group of 18 to 35 and who had started the business units under the self - employment scheme.

Sufficient finance is necessary for :-

1. Making Purchases,
2. Construction Purposes,
3. Payments of Expenses,

4. To employ additional labour force, if any.
5. And proper marketing of products etc.

1.3 DEFINITION OF THE PROBLEM :

i. STATEMENT OF THE PROBLEM :

Bank finance is a critical resource for the growth of industry. At the same time it is a scarce resource which must be developed judiciously and effectively. Finance is involved in every thing that takes place in the conduct of business. One defines the finance function in a business as a simply the task of providing funds needed by enterprise on terms that are most favourable in the light of its objective. It is procurement of funds and their effective utilisation in the business.⁵

Financial assistance to educated unemployed is significant only in relation to setting up of self employment ventures in small industry service and small business units. It is, therefore, given in the form of composite loan i.e. bank loan and Government assistance in the form of capital subsidy. The financial assistance to educated unemployed under self employment scheme in Kavathe Mahankal Taluka is studied in relation to these conditions. The financial assistance mainly highlights the assistance in the form of composite loans and sanctioned by Scheduled Commercial Banks and its rightful uses in the business by the entrepreneurs.

ii. APPROACH OF THE PROBLEM :

Presently, in Kavathe Mahankal Taluka there are in all six branches of Scheduled Commercial Banks who have financing under self employment schemes. The financial assistance is mainly sanctioned for :-

- i) Setting up of small industry units
- ii) Setting up of service units
- iii) And to setting small business units.

However, there are four programmes/schemes for educated unemployed under which financial assistance is given.

1. Programme for Educated Unemployed (PEU)
2. Special Employment Programme (SEP)
3. Half-A-Million Job Programme (HAMJP)
4. Self Employment to Educated Unemployed Youth (SEEUY)

1.4 OBJECTIVES OF THE STUDY :

The present study has following objectives :-

1. To study the nature and extent of financial assistance provided under the Scheme to educated - unemployed.

2. To study the financial assistance given according to various business units.
3. To examine whether the scheme has succeed in creating additional employment opportunities.
4. To test the following criteria :-
 - i) Whether the financial assistance given is sufficient for the development of business?
 - ii) Whether the financial assistance given under the scheme is utilised in proper manner?
 - iii) Have the loanee units got some additional financial sources ?
 - iv) Whether the loanee units pay their instalments regularly ?
 - v) Have the banks adopted some measures to examine the funds utilised by the business units?
5. To study the difficulties of borrowers.
6. To make necessary suggestions.

1.5 SCOPE OF THE STUDY :

The dissertation is submitted within a stipulated period, the scope of the study is restricted by the researcher only to the 'Self Employment to Educated Unemployed Youth (SEEUY) Scheme'. The financial assistance to educated unemployed under other schemes of the banks like seed capital assistance, are not taken into account. The following self employment ventures are considered for the purpose of present study.

1. Small Industry Units
2. Service Units
3. Small Business Units.

However, a separate list of self employment ventures is given in Appendix for which assistance is granted under 'SEEUY' Scheme.

1.6 IMPORTANCE OF THE STUDY :

Research in this subject is no doubt important from the point of view of banks and District Industries Centres as it will throw light on financial assistance to educated unemployed under the scheme into this area. Also the importance of this study lies in the potential strength of 'SEEUY' Scheme in solving unemployment problems which would indicate quantitative performance and drawbacks if any in

the working of financial institutions. Hence the present study will help the banks and District Industries Centre to know the performance of banks in financing educated unemployed youths under 'SEEUY' Scheme.

1.7 METHODOLOGY OF THE STUDY :

This study is completed by studying records of District Industries Centre and banks. Survey method is mainly adopted for this study. As the 'SEEUY' Scheme is started in 1983-84, the study is mainly based on primary data. Secondary data is also used.

While constructing the questionnaire for the purpose of sample survey efforts have been made to formulate the questions as simple to understand.

While taking sample of 50 entrepreneurs care was taken by the researcher at least 1 entrepreneur is interviewed having each type of business unit.

i. COLLECTION OF DATA :

The information for the present study is collected from various sources given below.

- i) Collection of information related to subjects taken from library published works, articles and newspapers on that subject.

- ii) Records of District Industries Centre and related banks in this area.
- iii) The following offices were visited to collect secondary data.
 - 1. District Industries Centre, Sangli.
 - 2. Bank of India - Branches :
Kavathe Mahankal, Ranjani & Dhalgaon.
 - 3. State Bank of India - Branch : Nagaj.
 - 4. The Sangli Bank Ltd. - Branch :
Kavathe Mahankal.
 - 5. Bank of Maharashtra - Branch : Shirdhon.

The necessary data is collected by the researcher from records of banks and District Industries Centre.

Besides, the personal discussions were also held with General Manager, Industry Inspectors of District Industries Centre, Managers and related staff of the banks.

ii. PRESENTATION OF DATA :

The researcher has presented the collected data as per his views, analysed it and drawn the conclusions.

iii. SUGGESTIONS :

Taking into consideration the conclusions, the researcher has given some suggestions.

1.8 LIMITATIONS :

The study has the following limitations :-

1. The study is limited only to the 'Self Employment to Educated Unemployed Youth' (SEEUY) Scheme.
2. The study is mainly concerned with financial assistance in the form of composite loans i.e. bank loan and Government assistance in the form of capital subsidy.
3. Research data is concerned only with the period of three years, from April, 1983 to March, 1986.
4. The educated unemployed youths who have not sanctioned the assistance under the scheme were not taken into consideration.
5. The self employment ventures in small industries, service and business units are taken into consideration.
5. The necessary data on certain matters like data regarding unemployment structure in this area are not made available.

1.9 CHAPTER SCHEME :

The researcher has produced his research dissertation in the Six Chapters.

The First Chapter deals with the introduction of the problem, definition of the problem, objectives, scope, limitations of the study and methodology adopted for the present study.

The Second Chapter deals with the programmes for educated unemployed. It covers the details of various schemes for educated unemployed.

The Third Chapter brings out the profile of study area. It covers the geographical and other features of Kavathe Mahankal Taluka, the study area in general.

The Fourth Chapter highlights financial assistance under 'SEEUY' Scheme.

The Fifth Chapter highlights the result of sample survey.

The Last Chapter discusses the findings and suggestions based on the study.

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