

CHAPTER - V

RESULTS OF SAMPLE SURVEY

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CHAPTER - VRESULTS OF SAMPLE SURVEYINTRODUCTION :

The objective of this chapter is to see whether the scheme of Self Employment ^{to} Educated Unemployed Youth has been successful in Kankavli Taluka and the intended benefits under the scheme have reached the target beneficiaries. Accordingly, a sample survey was carried out in Kankavli Taluka of Sindhudurg District and the primary data was collected. This data has been tabulated and analysed systematically in this chapter.

TABLE NO.5.1CLASSIFICATION OF BENEFICIARIES UNDER SEEU

| Year | Small Industry Units | Service Units | Small Business Units | Total |
|-----------|----------------------|---------------|----------------------|---------------|
| 1983-1984 | 0.2 (4.53) | 06 (13.63) | 36 (81.84) | 44 (100%) |
| 1984-1985 | 06 (13.64) | 05 (11.36) | 33 (75.0) | 44 (100%) |
| 1985-1986 | 07 (24.13) | 07 (24.13) | 15 (51.74) | 29 (100%) |
| 1986-1987 | 06 (19.35) | 09 (29.0) | 16 (51.61) | 31 (100%) |
| 1987-1988 | 01 (12.5) | 01 (12.05) | 06 (75.0) | 08 (100%) |
| Total | 22 (15.44) | 28 (17.45) | 106 (67.11) | 156 (100%) |

Source : Compiled from data collected from Nationalised Banks.

Out of the total beneficiaries, as presented in Table No. 5.1, a sample was drawn from amongst the units which received benefits in the financial year 1983-84. The year was specifically selected with a view to assessing the performance of the sample units over a period of time since we get five years' period for performance evaluation. The sample scheme has been presented in Table No. 5.2

The Table No. 5.2 shows the unit wise classification of the sample units.

TABLE NO.5.2

UNITWISE CLASSIFICATION OF THE SAMPLE UNIT

| <u>Classification of units</u> | | <u>Sample & Frequency</u> | |
|--------------------------------|---------------------------|-------------------------------|-----------|
| a) | Small Industry Unit. | 1) Candle | 01 |
| | Total | | <u>01</u> |
| b) | Service Unit | 1) Cycle Repair | 01 |
| | | 2) Photo Studio | 01 |
| | | 3) Laundry | 01 |
| | Total | | <u>03</u> |
| c) | Small Business Units | 1) Cloth shop | 02 |
| | | 2) Kirana store | 02 |
| | | 3) Stationery | 02 |
| | | 4) Sweet Mart | 02 |
| | | 5) Cycle shop | 02 |
| | | 6) Electric store | 02 |
| | | 7) Radio shop | 02 |
| | | 8) Medical store | 02 |
| | | 9) General store | 02 |
| | Total | | <u>18</u> |
| | Grand Total (a + b + c) | | <u>22</u> |

The data was collected from sample units by administering a pre-designed schedule by the researcher. The schedule has been appended in the Appendix I.

The sampled units have received loan from nationalised banks in the financial year 1983-84. In all 44 units received loans under the scheme, out of which 50% units had been selected for sample survey. It is stratified random sampling.

ANALYSIS AND INTERPRETATION :

This section attempts an analysis and interpretation with reference to sample units.

TABLE NO.5.3

| <u>REASON FOR SELECTION OF SELF EMPLOYMENT</u> | | | |
|--|---------------|--------------|-------------------|
| <u>Sr.No.</u> | <u>Reason</u> | <u>Total</u> | <u>Percentage</u> |
| 1. | Unemployment | 21 | 95.45 |
| 2 | Liking | 00 | 00.00 |
| 3 | More Profit | 01 | 04.55 |
| | <u>Total</u> | <u>22</u> | <u>100.00</u> |

SOURCE : Sample Survey.

Table No. 5.3 throws light on the motive or the reason for undertaking independent venture under the scheme of self employment for educated unemployed youths. It is evident from the

table majority of the beneficiaries preferred to take loans under the scheme because they were unemployed, and they had no other source of livelihood. The fact of unemployment itself had motivated them to take up independent ventures.

TABLE NO.5.4

INFORMATION REGARDING SCHEME

| <u>Sr. No.</u> | <u>Source</u> | <u>Total</u> | <u>Percentage</u> |
|----------------|----------------------------|--------------|-------------------|
| 1 | Friends/Relatives | 05 | 22.73 |
| 2 | DIC | 04 | 18.18 |
| 3 | Employment Exchange Office | 10 | 45.45 |
| 4 | Advertise | 03 | 13.64 |
| | <u>Total</u> | <u>22</u> | <u>100.00</u> |

SOURCE : Sample Survey.

Table No.5.4 indicates the source of information about the scheme. Out of 22 respondents, 45.45 percent had sought the information from Employment Exchange, Kudal. DIC has not played a major role since only 4 respondents have stated that they received information from DIC.

District Industries Centre is the nodal agency for generating self employment opportunities in the District and hence its role in the dissemination of information has to be further expanded. Fortunately DIC has equipped with adequate

staff and therefore, it can play an effective role in this regard. In fact in some DICS in Western Maharashtra, an information counter has been opened specifically for this purpose. The same pattern needs to be followed in District Industries Centre, Kudal.

It is also clear from this table that friends and relatives play effective role in passing on the information. This is quite understandable since 'word of mouth' has always prevailed in the process of social communication. They sometimes take up the role of 'Opinion leaders'. These opinion leaders ensure speedier communication in the social system. The District agencies can not simply neglect the role of these social agents.

TABLE NO.5.5

MOTIVES FOR SELECTING SELF EMPLOYMENT

| Sr.No. | Motives | Total | Percentage |
|--------|--------------------|-------|------------|
| 1. | Easy to do | 13 | 59.09 |
| 2. | Profitable | 07 | 31.82 |
| 3. | Good Social Status | 02 | 09.09 |
| Total | | 22 | 100.00 |

source : Sample survey.

Table No. 5.5 throws light on the motives for selecting self employment ventures. Out of the 22 respondents 13 respondents have stated that they have selected self employment venture because it is easy to do. These ventures are very small shops, repair workshops or loundries. These activities can be organised with the help of family labour without any elaborate organisational set up. This avoided unnecessary overheads. Generally, these small ventures are near the places of their residences and therefore, there is an element of convenience in these activities.

TABLE NO.5,6

CREDIT SUPPLIER BANKS

| Sr.No. | Name of the Bank | Target cases done | Percentage to total cases covered in the sample survey |
|--------|---------------------------------|-------------------|--|
| 1. | State Bank of India, Kankavli | 05 | 27.73 |
| 2 | Union Bank of India, Kankavli | 05 | 27.73 |
| 3. | Bank of Maharashtra, Tarale | 02 | 09.09 |
| 4. | Bank of India, Phonda | 04 | 18.18 |
| 5. | Bank of India, Sangave | 02 | 09.09 |
| 6. | Bank of Maharashtra, Kharepatan | 03 | 13.64 |
| 7, | Bank of India, Nandgaon | 01 | 04.44 |
| | Total | 22 | 100.00 |

source : Sample survey.

In all seven nationalised banks as listed in Table No. 5.6 are involved in the implementation of the scheme of Self Employment Educated Unemployed Youth in the Kankavli Taluka. Their contribution has already been discussed on the basis of secondary data presented in chapter No. IV. (Table No. 4.2). The Union Bank of India and the State Bank of India branch at Kankavli provide 54 percent of the total credit of all seven nationalised banks in this area. Naturally the remaining five banks account for 46 percent of credit supply under the scheme of self employment for educated unemployed youths in the Kankavli Taluka of Sindhudurg District. This presents quite an interesting picture. It may be concluded that the urban banks provide more credit as compared to rural banks in this taluka. It shows that the scheme of Self Employment to Educated Unemployed Youth, is either not popular in the rural areas or the concerned nationalised banks are apathetic in the implementation of the scheme.

TABLE NO.5.7
DEMAND OF LOAN

| Sr.No. | Credit Slab (Rs. in Thousand) | Total | Percentage |
|--------|-------------------------------------|-------|------------|
| 1. | 15 to 20 | 18 | 81.81 |
| 2. | 25 to 30 | 03 | 13.64 |
| 3. | 35 to 40 | 01 | 04.45 |
| Total | | 22 | 100.00 |

SOURCE : Sample Survey.

Table No. 5.7 throws light on the credit requirements of small entrepreneurs under the scheme of Self Employment Educated Unemployed Youth. These credit requirements are within the range of Rs. 15 to 20 thousand. In the sample survey it was noticed that majority of the respondents had mentioned the first category i.e. Rs. 15 to 20 thousand as the requirement. Only one entrepreneur has mentioned that his requirements are within the range of Rs. 35 to 40 thousand. These credit requirements are very moderate. There can be too inferences to be drawn from this data.

- A) The educated unemployed youths go in for small business units i.e. grocery shops or cloth shops. Therefore, the initial capital requirements are moderate.
- B) Secondly, entrepreneurs do not want to take any major risk in the project. This Psychological aspect is important because that reflects the attitude of taking less amount of risk.

The educated unemployed who was higher to without any job, is little bit afraid of taking high amount of risk. They prefer small business units or commercial establishments with moderate level of credit requirements. This can be considered to be the rational approach towards the element of risk. This preference has a considerable influence on the selection of the type of venture.

TABLE NO.5.8
REPAYMENT OF LOAN

| Sr.No. | Repayment position | Total | Percentage |
|--------|--------------------|-------|------------|
| 1. | Yes | 07 | 31.82 |
| 2. | No | 15 | 68.18 |
| | Total | 22 | 100.00 |

Source : Sample Survey.

The position of repayment of loan is not at all satisfactory as can be seen from table No.5.8. Out of 22 respondents surveyed, 15 have mentioned that they could not repay the loan in time. This is mainly on account of the following reasons.

1. Some of the units are running in loss. It means that these ventures could not generate adequate surplus which may enable them to make repayment on regular basis. At least six units can be classified under this category. This is a significant aspect which needs attention of the policy makers. The question at stake is whether self employment ventures can generate reasonable level of surplus which will ensure repayment on regular basis.

This surplus must be over and above the costs which should also include the imputed cost of managerial remuneration to the entrepreneur. This component of managerial remuneration is very much required for the maintainance or livelihood of an entrepreneur.

2. In the rest of the cases i.e. 9 cases they have either reinvested the amount of surplus in the same venture or simply neglected the aspect of repayment. Though the aspect of reinvestment is commendable, it need not be at the cost of repayment which is due to the loaning agency.

This question is of crucial importance in the long term interests of the scheme.

TABLE NO.5.9

PROBLEMS IN REPAYMENT OF LOAN

| <u>Sr.No.</u> | <u>Problems</u> | <u>Total</u> | <u>Percentage</u> |
|---------------|-----------------|--------------|-------------------|
| 1. | Domestic Use | 03 | 13.64 |
| 2. | Loss | 04 | 18.18 |
| 3 | Reinvestment | 10 | 45.45 |
| 4. | Negligence | 05 | 22.73 |
| | Total | 22 | 100.00 |

Source : Sample Survey.

The reasons for not repaying the loan have been listed in Table No. 5.9 which confirms the above mentioned tendency. These entrepreneurs need not go, in for reinvestment unless they clear off their earlier dues.

TABLE NO.5.10

UTILISATION OF FUNDS

| Sr.No. | Particular | Frequency | Percentage |
|--------|------------|-----------|------------|
| 1 | Equipment | 17 | 77.27 |
| 2 | Furniture | 03 | 13.64 |
| 3 | Any Other | 02 | 09.09 |
| | Total | 22 | 100.00 |

SOURCE : Sample Survey.

As far as utilisation of funds is concerned, majority of the beneficiaries under the scheme have stated that they are required to spend mostly on equipments on fixed assets for the purpose of business. This is being followed by the item of furniture. This kind of investment pattern is quite understandable since majority of the beneficiaries fall under the category of small business and service enterprises. The

need for investment in furniture varies from unit to unit according to the needs of business. It has also been observed that entrepreneurs in service units have more needs of furniture. This kind of investment pattern also throws light on the requirements of working capital. The loan amount which is made available to the beneficiaries is mainly invested in fixed assets and in the subsequently stages an entrepreneur is left without sufficient amount of working capital. This aspect is important from the point of view of smooth running of the scheme. The question which arises here is whether there is adequacy of funds for meeting fixed as well as working capital requirements.

The credit requirements of beneficiaries must be seen in their totality. The credit needs for working capital may arise in the subsequent stages of business venture. The banks are expected to make suitable arrangements for follow up. It has also to be ensured that beneficiaries need not make any 'excess' investment in furniture or other items which may be come actually the 'dead investment!'

TABLE NO.5.11OTHER SOURCES OF LOAN

| Sr.No. | Source | Total | Percentage |
|--------|---------------|-------|------------|
| 1 | Friends | 04 | 18.18 |
| 2 | Relatives | 03 | 13.64 |
| 3 | Money lenders | 01 | 04.55 |
| 4 | Nil | 14 | 63.63 |
| Total | | 22 | 100.00 |

SOURCE : Sample Survey.

Table No. 5.11 lists the other source for getting finance. Out of 22 respondents 14 have stated that they do not have any other source of finance and have relied exclusively on nationalised banks identified under the scheme. It clearly shows that private sources of finance have been relegated to the background and even the traditionally dominant source of 'money lenders' has become less important in the process. This assumes importance from the point of view of exercising reasonable degree of control on the financial affairs of the concerned beneficiaries. Once it is known that the concerned beneficiaries follow only the 'official source' it becomes easy for financial planning. At the same time, it precisely points out the need for an integrated approach towards finan financing these ventures. These units should not left at the begaries of market forces at the last moment.

TABLE NO.5.12DIFFICULTIES IN BORROWING

| <u>Sr.No.</u> | <u>Difficulties</u> | <u>Total</u> | <u>Percentage</u> |
|---------------|--------------------------|--------------|-------------------|
| 1 | Complication of form | 02 | 09.09 |
| 2 | No objective certificate | 05 | 22.73 |
| 3 | Other documents | 10 | 45.45 |
| 4 | No difficulties | 05 | 22.73 |
| Total | | 22 | 100.00 |

SOURCE : Sample Survey

Table No. 5.1 enlists the difficulties in borrowing under the scheme of Self Employment ^{to} Educated Unemployed Youth. Majority of the beneficiaries point out that the procedure for borrowing is cumbersome and timeconsuming. The applicants for the loan are required to submit a number of documents. Moreover, the applicants are not communicated properly as to the exact requirements regarding documents. This procedural aspect becomes timeconsuming. This is especially so in case of applicants from rural areas who are required to come to taluka place for submitting an application.

TABLE NO.5.13NEED FOR TRAINING

| <u>Sr.No.</u> | <u>Particulars</u> | <u>Total</u> | <u>Percentage</u> |
|---------------|--------------------|--------------|-------------------|
| 1. | Yes | 04 | 18.18 |
| 2 | No | 18 | 81.81 |
| Total | | 22 | 100.00 |

SOURCE : Sample Survey.

Table No.5.13 presents the need for training for beneficiaries before they take up any Self Employment venture. Majority of the beneficiaries i.e. 18 out of 22 have stated that there is no need for any special training for the self employment venture. It becomes difficult to agree with the view of these entrepreneurs. Any self employment venture will require minimum amount of training for accounts, purchasing or marketing. This will ensure the success of the scheme.



TABLE NO.5.14NECESSITY OF LABOUR EMPLOYMENT

| <u>Sr.No.</u> | <u>Particulars</u> | <u>Total</u> | <u>Percentage</u> |
|---------------|--------------------|--------------|-------------------|
| 1 | Yes | 09 | 40.91 |
| 2. | No | 13 | 59.09 |
| | Total | 22 | 100.00 |

SOURCE : Sample Survey.

Majority of the entrepreneurs felt that they do not require any hire labour in their small business. This brings out the fact that there is no possibility of employment generation in future under the scheme.

From the Table No. 5.14 it is clear that 59 percent entrepreneurs have not employed any outside labour in their units. Out of 22 entrepreneurs only 9 i.e. 41 percent entrepreneurs have employed one or more than one labour in their units. It means the small business venture under the scheme are mostly run by family labour. Though beneficiaries under the scheme will receive income in future, this will not generate substantial employment in future.

TABLE NO.5.15INFORMATION REGARDING PROFIT

| <u>Sr.No.</u> | <u>Information position</u> | <u>Total</u> | <u>Percentage</u> |
|---------------|-----------------------------|--------------|-------------------|
| 1. | Yes | 16 | 72.73 |
| 2. | No | 06 | 27.27 |
| | <u>Total</u> | <u>22</u> | <u>100.00</u> |

SOURCE : Sample Survey.

As regards the information about profits most of the entrepreneurs i.e. 16 out of 22 have opined that they do receive some amount of profit. Here the concept of profit is very simple i.e. excess over and above expenditure which also includes expenditure incurred in the form of supervisory remuneration for entrepreneurs themselves, only 6 entrepreneurs have stated that they do not get profits i.e. any excess over their total expenditure. Though the concept of profit is very crude here (as understood by entrepreneurs) it does refer to the kind of supernormal profit since normal amount of income which is necessary for them to stay in business has already been included in the total expenditure.

TABLE NO.5.16NET ANNUAL INCOME

| <u>Sr.No.</u> | <u>Income group</u> | <u>Total</u> | <u>Percentage</u> |
|---------------|---------------------|--------------|-------------------|
| 1. | 4000 to 5000 | 04 | 18.19 |
| 2. | 6000 to 10000 | 06 | 27.27 |
| 3. | 10000 to 15000 | 12 | 54.54 |
| Total | | 22 | 100.00 |

SOURCE : Sample Survey.

A study of income generation in the self employment venture of the sample entrepreneurs help to identify the trend of creating additional income to entrepreneurs, under the scheme.

It is clear from the above table that majority of the entrepreneurs get annual income within the range of Rs. 10 to 15 thousand, and 27.27 percent entrepreneurs get near about Rs. 6 to 10 thousand annual income, 18.18 per cent beneficiaries get with in the range of Rs. 4 to 5 thousand annual income from ventures.

TABLE NO.5.17ENTREPRENEURS' OPINION REGARDING SUCCESS OF THE SCHEME

| <u>Sr.No.</u> | <u>Opinion</u> | <u>Total</u> | <u>Percentage</u> |
|---------------|----------------|--------------|-------------------|
| 1 | Yes | 16 | 72.27 |
| 2. | No | 06 | 27.23 |
| Total | | 22 | 100.00 |

SOURCE : Sample Survey

When the beneficiaries were asked the opinion about the success of the scheme, majority of them have opined that the scheme has been successful. Only a small minority i.e. 6 entrepreneurs have felt that the scheme has not been very much successful. It means that the operation of the scheme in Kankavli Taluka of Sindhudurg District has been viewed as successful by the concerned beneficiaries. This positive opinion will go a long way in generating conducive atmosphere for the success of the scheme in future. Ultimately the process of building confidence amongst the beneficiaries is a sine qua non of the success of any scheme. In fact these beneficiaries who hold the positive views can be considered as 'change agents' in future for the implementation of the scheme.

DIFFICULTIES IN BORROWERS :

1. DIFFICULTIES IN OBTAINING DOCUMENTS :

Most of the entrepreneurs reported at the time of interview that they find difficulties in procuring various documents from various offices. Entrepreneurs are required to obtain these documents from related parties and enclose them with application. It was also found that the number of documents was more. It is very difficult to entrepreneurs to obtain these documents from related parties and office

in time.

2. TIME CONSUMING PROCEDURE :

Out of the total entrepreneurs surveyed 50% entrepreneurs reported at the time of interview that they find difficulties in procuring loan in time. Under the self employment scheme,

9/ The procedure of preparing of project report to the sanctioning of actual finance is of time consuming nature.

3. RATE OF INTEREST :

Most of the entrepreneurs thought that the rate of interest is high. Under the self employment scheme rate of interest is 12 percent p.a. maximum. Entrepreneurs want it to reduce up to 8 per cent.

4. Under this scheme 25 percent subsidy is computed on the total amount of loan disbursed by the Bank. This amount of loan is kept as a term deposit in the name of the entrepreneurs. The entrepreneurs think that this subsidy amount must be deducted immediately after disbursement of loan and change interest on the balance account. Maximum entrepreneurs did not know about subsidy component.

5. MARKETING DIFFICULTIES :

Marketing of the products is the main difficulty particularly to the small Industry unit entrepreneurs. Entrepreneurs thought that DIC should help in the Marketing of products or provide services in marketing activities.