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CHAPTER - I

INTRODUCTION

1.1 INTRODUCTION :

One of the most interactable problems during the past 40 years of planning has been unemployment. Each successive plan has seen a progressive increases in the ranks of unemployed; the various developmental activities being unable to make any dent on this problem. What is more important in this critical area, there has been considerable confusion about the size of the unemployed, each official estimate inconsistent with other estimates. An indication of the chaotic state of statistics in this respect can be had from the perusal of the following data.

The seventh plan document claims that the backlog of unemployment in 1985 was only of the order of the order of 9.2 million as against 12 million in 1980. On the other hand data on the live register of employment exchange in the country indicate that as many as 26 million persons were jobless in 1985 as compared to only 16 million in 1980.¹ Thus on the one hand the planning commission claims that there has been a reduction in the number of unemployed between 1980-85; while diametrically opposite picture is presented by the employment exchange data. More important, even the employment exchange

statistics are not complete and understate the actual dimensions of the problem by a sizable margin using the norm advanced in the second plan document that the actual unemployment in the country is four times the figure mentioned in the official employment exchange data. The estimate of the jobless now would be as high as 100 million if not more.

Increasing population and expansion of educational system are adding to job seekers every year to the stream of unemployed cadets of both educated and rural landless. Our economic growth has not been able to create adequate job opportunities to absorb the growing number of educated unemployed. Most of the developing countries of the world today are concerned with the dimension the crisis of unemployment. The problem of educated unemployment assumes different dimension which needs our immediate attention of the problem.

The term 'educated middle class' includes " those persons as are not well to do enough to dispense with their own living, who follow non manual occupations and have received some form of higher secondary or higher education."²

This class can provide leadership for the mass of the people. Discontentment among the educated people provides the flame needed for igniting revolutionary movement. It is therefore,

vitally necessary that educated unemployment should be reduced to the minimum in the interest of social stability. This point was amply emphasized by the Sadler Commission.³ The existence and the steady increase of a spirit of intellectual proletarianism not without reasonable grievances, forms a menace to good government especially in a country, where the small educated class is vocal. It must be an equal menace whatever form the government may assume. " The existence of unemployment among the member of the 'white collar class' or 'soft handed intellectuals' is partly the result of an educational system which is highly oriented in favour of liberal education and partly the result of a slower rate of industrial expansion to absorb these unemployed in vocational or technical jobs.⁴

The progress in economic growth of our country can be achieved only by maximising the benefits from our resource endowments. The most important asset of our country is its vast human resource. Our ultimate success in reducing poverty and promoting economic prosperity thus depends much upon the mobilization of human resources for development. This is turn depends to a considerable extent on the skills and management capabilities present in the population. Various plan projects will enhance opportunities for wage employment to a considerable extent, a large proportion of the population will have to depend

on self employment for earning a living. Because of our rich natural resources particularly in the agricultural sector, there is a large untapped potential for creating opportunities for gainful self employment.⁵

The Government of India now carries the responsibility of employment generation in the rural area through national rural employment programmes.

Though there has been controversy with reference to wage employment and self employment as policy instruments to deal with the problem of unemployment, the option of the Central Government seems to be in favour of self employment. This option has got some distinct advantages especially while dealing with the question of educated unemployment. In a country like India the strategn for self employment is better than the wage employment for rapid economic development. This will result in to asset generation and also income generation.

The growing unemployment among educated people is a matter of great national concern. The educational system of our country has 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. The educated unemployment is a new dimension of the

problem of unemployment in India, since there has been a growing number of educated unemployed in the country.

1.2 EDUCATED UNEMPLOYMENT IN INDIA :

The following figures will clearly throw light on the problem of unemployment in India.

TABLE NO.1.1.1

UNEMPLOYMENT SITUATION IN INDIA
(Figures in million)

| Year | Total unemployed | Educated unemployed | Uneducated unemployed | % of educated total | Total unemployed | Educated unemployed | % of educated unemployed | Total unemployed | % of educated unemployed |
|------|------------------|---------------------|-----------------------|---------------------|------------------|---------------------|--------------------------|------------------|--------------------------|
| 1961 | 1.83 | 0.59 | 1.24 | 32.2 | 1.36 | 0.36 | 1.01 | 25.7 | |
| 1971 | 5.10 | 2.30 | 2.80 | 45.1 | 3.67 | 1.09 | 2.58 | 29.6 | |
| 1981 | 17.84 | 9.02 | 8.82 | 50.6 | 11.14 | 5.22 | 5.92 | 46.8 | |
| 1983 | 21.05 | 11.16 | 10.79 | 50.8 | N.A. | N.A. | N.A. | N.A. | |

CENSUS DATA

NOTE : N.A. = Figures were not available.

SOURCE : Indian Labour Statistics 1979 pocket Book of Labour Statistics 1985.
Population census, registrar general.

It is very clear from Table No. 1.1 that, the total number of unemployment is increasing at a very fast rate right from 1961. At the same time the proportion of educated unemployment is also increasing at rapid rate especially after 1971.

In 1983 the percentage of educated unemployed comes to 50.8. This data have been compiled by Indian Labour Statistics.⁶

There can be two inferences.

1. The data relating to educated unemployed is easily available from the live register of employment exchanges. This facilitates its correct estimation. The educated unemployed who enroll themselves with employment exchanges have tendency to keep their names on live registers even after they get suitable jobs in the private sector.

This may lead to over estimation to some extent but this would be very marginal in nature and will not influence the finding in a significant way.

The basic proposition still holds good that the problem of unemployment in Indian Economy is more a problem of educated unemployment.

2. The data relating to uneducated unemployed is not easily available which is to be compiled with due care and preservice, otherwise, this may lead to under estimation of those figures. Ofcourse, the present methods of collection of labour statistics are sophisticated enough to make correct estimation and therefore, can be relied upon for drawing inferences.

This table precisely points out that the problem of educated unemployment has assumed serious proportions, especially after 1981.

1.3 UNEMPLOYMENT AT STATE LEVEL :

EDUCATED UNEMPLOYMENT AT STATE LEVEL :

We obtain the same trend of increasing educated unemployment at the state level. Table No. 1.2 presents the picture of educated unemployed in the state of Maharashtra.

TABLE NO.1.2EMPLOYMENT EXCHANGE STATISTICS RELATING TO MAHARASHTRA

(Figures in thousands)

| Year | No. of Registrations | No. of Placements | No. of Vacancies notified | Placement 1000 Vacancies notified | No. of live register |
|---------|----------------------|-------------------|---------------------------|-----------------------------------|----------------------|
| 1960-61 | 278 | 29 | 62 | 476 | 162 |
| 1965-66 | 381 | 60 | 102 | 485 | 267 |
| 1970-71 | 415 | 40 | 87 | 458 | 361 |
| 1975-76 | 456 | 35 | 83 | 416 | 795 |
| 1980-81 | 608 | 40 | 86 | 469 | 1268 |
| 1981-82 | 653 | 43 | 94 | 457 | 1424 |
| 1982-83 | 609 | 42 | 84 | 498 | 1583 |
| 1983-84 | 666 | 39 | 89 | 439 | 1962 |
| 1984-85 | 669 | 48 | 95 | 508 | 2044 |
| 1985-86 | 639 | 40 | 80 | 502 | 2546 |

SOURCE : Economic Survey of Maharashtra (1985-86) Industrial

Development of Maharashtra MCCI, Tilak Road, Pune

P.No. 146.

The number of persons on the live register of the employment exchange in the state has been continuously increasing since 1960-61 and stood at 25.46 lakhs at the end of March 1986. This is an increase of 25 per cent over the number of the end of March 1985. Between March 1984 and 1986 the number had increased by 30 per cent. During the last 25 years since 1960-61 this number has gone up by 1.62 lakhs to 25.46 lakhs that is by almost 25 times. But during the same period neither the number of placements nor the number of vacancies notified have gone up to the same extent.⁷

The number of placements have gone up from 29,000 to 40,000 a year and the number of vacancies notified have gone up from 62,000 to 80,000 a year. Thus one can imagine the tremendous rise in unemployment without any corresponding growth in opportunities.

A classification of the number on live register by educational qualification is available on 31st December 1985. About 41 per cent of those on the register on that day had education below matriculation, nearly 42 per cent were matriculates and nearly 8 per cent were graduates in disciplines other than engineering and medical.

1.4 UNEMPLOYMENT AT DISTRICT LEVEL :

According to employment exchange office report Kudal, the following table will enlighten us on the aspect of educated unemployed in Sindhudurg District.

TABLE NO.1.3

UNEMPLOYMENT AT DISTRICT LEVEL

| Degree | Y E A R S | | |
|--------------|------------------|------------------|------------------|
| | 1986 | 1987 | 1988 |
| S.S.C. | 8307 (45.92) | 11003 (48.32) | 14200 (49.64) |
| H.S.C. | 7901 (43.67) | 9350 (41.06) | 11000 (38.45) |
| B.A. | 1105 (6.11) | 1430 (6.28) | 2004 (7.00) |
| B.Com. | 709 (3.92) | 904 (3.97) | 1300 (4.54) |
| B.Sc. | 71 (0.39) | 83 (0.36) | 100 (0.35) |
| M.Com. | - | - | 02 (0.07) |
| M.Sc. | - | - | 01 (0.03) |
| Other | - | - | - |
| Total | 18093 | 22770 | 28607 |

NOTE : Figures in the brackets are percentage.

SOURCE : Employment exchange office, Kudal.

From the above table it is clear that unemployment among S.S.C. holders is near about 50 per cent and H.S.C. holders unemployment is 41 per cent. It is also clear that 90 per cent unemployment is S.S.C. and H.S.C. pass youths. H.S.C. and S.S.C. holders unemployment is serious problems in Sindhudurg district. Other degree holders unemployment in this area is not considerable

1.5 GOVERNMENT AND EDUCATED UNEMPLOYMENT :

There has been growing concern on the part of Government. Towards the removal of this educated unemployment as it is being manifested in the budget allocation for the same. Government is giving emphasis on small scale industries for creating employment through self employment programme. Public expenditure on small scale industries during last 6th five year plans.

TABLE NO.1.4

PUBLIC EXPENDITURE ON SMALL SCALE INDUSTRIES

| <u>Plan</u> | <u>Expenditure (In Rs. crores)</u> |
|--------------|------------------------------------|
| 1st Plan | 43 |
| 2nd Plan | 165 |
| 3rd Plan | 240 |
| Year Plan | 130 |
| 4th Plan | 242 |
| 5th Plan | 510 |
| 6th Plan | 1480 |
| 7th Plan | 2032 |
| <u>Total</u> | <u>4862</u> |

SOURCE : India's Five Year Plan Reports (1st to 7th Plan)

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. Certain of employment opportunities is one of the aspects of India's five year plan. It also aims at creating employment opportunities through self employment venture. But actually the problem of educated unemployed persons is not solved due to lack of finance and other facilities. The phenomenon of educated unemployment in India is assuming serious dimension of the problem of unemployment in India. There has been growing concern on the part of the Government towards the removal of this educated unemployment. As it is being manifested in various schemes aimed at removing this educated unemployment. Like the scheme of self employment. Earlier the scheme, like self employment, half a million job programme, were operation in the district in Sindhudurg. At present the scheme of self employment to educated unemployed youth is being implemented by the district authorities to provide opportunities to educated unemployed youths.

In the present research work the same scheme has been taken up for evaluating its working with special reference to Kankavli Taluka of Sindhudurg District.

1.6 SELECTION OF THE PROBLEM :

In Maharashtra State, particularly, Kankavli Taluka in Sindhudurg District is a rural area. This area is economically backward 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, business services and industry under the present scheme.

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

In August 1987, the researcher visited the office of the district industries centre, Kudal Sindhudurg to find out total number of entrepreneurs who had started self employment ventures under self employment scheme. It was found that out of total 1200 entrepreneurs in Sindhudurg District, 156 entrepreneurs were from Kankavli Taluka during the year ended 1986-87.

Then the researcher visited Sub Regional Employment Office, Kudal to find out actual number of educated unemployed persons

registered with Employment Exchange at different levels of education. The data regarding actual number of unemployed persons registered with employment exchange was 28,607 in the year 1987-88.

Then the researcher visited actually some of the registered addresses of entrepreneurs in Kankavli Taluka. It was discovered that most of the educated unemployed youths had taken loan under self employment scheme and stated their ventures. It was also found that some educated unemployed youths who had taken credit 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 credit and creating opportunity, the experience of which had helped to recognise the socio economic problems of educated unemployed youths.

This preliminary investigation about the scheme in Kankavli Taluka prompted the researcher to take up the scheme of self employment for the purpose of study and evaluation.

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. 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 capita income.

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 ^{selling} its product at uncertain prices in the future. ^B ⁹

Here the term entrepreneur is related to the educated unemployed in the age group of 18 to 35 and who had started the business units under the self employment scheme.

Sufficient credit is necessary for marketing, construction, payment, employment and proper marketing of products etc.

Finance 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 credit supply to educated unemployed under self employment scheme in Kankavali Taluka is studied in relation to these considerations. The loan sanctioned by scheduled commercial banks and its rightful use in the business by the entrepreneurs, has been proved into the

the present study.

1.7 BROAD FEATURES OF THE SCHEME :

1) YEAR :

In the year 1983 the late Prime Minister Mrs. Indira Gandhi announced in her Independence Day Address that two and half lakh educated unemployed youths in the country will be provided every year with a package of assistance by way of bank loans and Government subsidy to undertake gainful self employment ventures in industry, service and business.

2) SCOPE :

This scheme was being implemented the entire country. The scheme covers educated unemployed youth, in the age group 18 to 35 years, who were S.S.C. and above. The scheme is meant to provide self employment to educated youth who have no access to alternative source for credit and other facilities.

3) CONTENT :

- a) Identification of beneficiaries.
- b) Loan from Banks and Government subsidy.
- c) Training and other Inputs.
- d) Utilisation of Loan.
- e) Creation of Employment etc.

The present study attempts to evaluate the working of the scheme for self employment to educated unemployed youth.

1.8 OBJECTIVES OF THE STUDY :

- 1) To study the nature and extent of credit provided under the scheme to educated unemployed.
- 2) To see whether the objectives envisaged in the scheme are fulfilled or not.
- 3) To evaluate the scheme of self employment from the point of view of.
 - a) Scope of the scheme.
 - b) Benefits under the scheme.
 - c) Identification procedure under the scheme.
 - d) Effectiveness of the scheme in creating self employment in Kankavali Taluka.

1.9 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 this Self Employment Scheme For educated Unemployed Youths is started in the year 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 to formulate the questions as simple to understand.

In the sample for the study, 22 entrepreneurs have been selected who received benefits under the composite loan scheme in the year 1983-84. This is with a view to ascertaining how for their ventures have been successful and whether they could generate adequate level of income over a period of time. While selecting the sample, due care has been taken to see that at least one unit has been covered from each category of beneficiary. There are three categories viz. Industry, Service, and business. This has made the sample fairly representative. In technical sense, this may be termed as stratified random sampling.

The present sample covers 50 per cent of the units financed under the scheme of self employment in Kankavali Taluka in the year 1983-84.

COLLECTION OF DATA :

Information for the present study is collected from various sources given below. :

- a) District Industries Centre, Kudal.
- b) Bank of India, Branch at Nandgaon and Sangave.
- c) State Bank of India, Branch Kankavli.
- d) Union Bank of India, Branch Kankavli.
- e) Bank of Maharashtra, Branch Phonda, Tarale, Kharepatan.

The necessary data is collected by the researcher from the records of banks and District Industries Centre. Besides, the personal discussions were also held with Industry Inspectors of District Industries Centre, General Manager, Bank Manager and related staff of the Banks. Primary data have been collected through schedule administered personally by the researcher.

PRESENTATION OF DATA :

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

1.10 LIMITATIONS :

The study has the following limitations. :

- 1) Research data is concerned only with the period of five years i.e. from April 1983-84 to June 1988.
- 2) The study is limited only to the "Self Employment to Educated Unemployed Youth"(SEEUY SCHEME).
- 3) The study is mainly concerned with credit supply in the form of composite loans i.e. Bank Loan and Government Assistance in the form of capital subsidy.
- 4) Educated unemployed youths who have not been sanctioned the loan under the scheme were not taken into consideration.
- 5) The self employment ventures in business, service and small industry are taken into consideration.

1.11 CHAPTER SCHEME :

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

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

The second Chapter brings out the profile of study area. It covers the geographical and other features of Kankavali Taluka... the study area in general.

The Third Chapter deals with the Genesis of the Scheme of Self Employment. It covers the details of various schemes for educated unemployed.

The Fourth Chapter deals with operation of the Scheme in Kankavli Taluka.

The Fifth Chapter deals with the result of sample survey.

The Sixth Chapter deals with the findings and suggestions of the study.

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