
CHAPTER - IV

FINANCIAL ASSISTANCE TO EDUCATED UNEMPLOYED UNDER
'SELF EMPLOYMENT TO EDUCATED UNEMPLOYED YOUTH' SCHEME

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CHAPTER - IV

FINANCIAL ASSISTANCE TO EDUCATED UNEMPLOYED UNDER 'SELF EMPLOYMENT TO EDUCATED UNEMPLOYED YOUTH ('SEEUY') SCHEME'

4.1 INTRODUCTION :

In this Chapter the researcher has made an attempt to analyse and examine the data collected and tabulated by him with his own view to meet the objective of studying financial assistance given for small industry, service and business units with a view to evaluate the financial assistance to educated unemployed under 'SEEUY' Scheme. The period of 3 years (From April, 1983 to March, 1986) was taken by the researcher for the study as the Scheme was started from August 15, 1983. This Chapter gives detailed information to reader about financial assistance under 'SEEUY' Scheme and also performance of banks in financing under 'SEEUY' Scheme, in Kavathe Mahankal Taluka.

4.2 MEANING, NATURE & SCOPE OF FINANCE :

Finance holds the key to all business activity. Finance is the guide for regulating investment decisions and expenditure.

According to A. L. Kingshott, 'Finance is the only common denominator for a vast range of business objective.'¹
In the broad sense, finance plays an important part in every

economic transaction in which where there is a present or future payment of money.

4.2 (i) DEFINITIONS :

Though there are different definitions of finance with different functions, the researcher made an attempt to give some definitions.

1) According to S. C. Kunchhal, 'Finance refers to the procurement of funds.'²

2) In the words of George Christy and Peter Roden, 'To finance means to arrange payment for it.'

3) 'The finance is life blood of business activities which is rather difficult to collect by entrepreneurs from other sources.'³

Thus different definitions relate finance to money and to the inflow and out flow of funds.

4.2 (ii) NATURE & SCOPE OF FINANCE :

The scope of finance is vast and is determined according to financial needs of entrepreneurs. Finance covers the understanding of financial needs of an entrepreneurs and the steps required to ensure that they are met and maintenance of financial stability.

Finance is viewed differently by different people depending upon their interests in finance. It seems to be different people have different interest in finance and look at it from their own view point.

4.3 BUSINESS FINANCE :

Business finance is too broad concept. It relates to all the financial activities of business. It deals with raising, administering and disbursing funds. The planning for and control of the use of such funds are important factors of the area of business finance.

Business finance refers to the raising and procurement of funds and their appropriate utilisation. It includes within its scope commercial finance industrial finance, proprietary finance, co-operation finance and even agricultural finance.

4.4 FINANCIAL ASSISTANCE TO EDUCATED UNEMPLOYED UNDER 'SELF EMPLOYMENT TO EDUCATED UNEMPLOYED YOUTH' SCHEME :

Under the 'SEEUY' Scheme financial assistance is given in the form of composite loan and Government subsidy. The procedure includes that an entrepreneurs are required to submit their project report to District Industries Centre, Sangli. D.I.C. helps the entrepreneurs in completing the project reports. These proposals

(Project Reports) are sent with concerned scheduled commercial banks according to entrepreneurs demand after proper scrutinisation.

Before sanctioning the proposals banks examine the proposals, unit selected, puritability of unit, finance required and according to nature of unit, banks grant financial assistance up Rs. 25,000/-.

The disbursement is made according to needs of entrepreneurs. Bankers make an attempt to make payment directly to the dealers of goods. The nature of assistance includes Term Loans and Working Capital.

The period of instalment is determined by banks according to profitability and nature of unit. However, all scheduled commercial banks have monthly instalment.

4.4. (i) LOAN PROPOSALS RECEIVED & SANCTIONED :

D.I.C. helps the entrepreneurs in completion of Project Reports and sent their loan applications to the concerned banks on behalf of entrepreneurs. The study of number of loan proposals received by D.I.C. and sent to the banks during the period under the study will show the trend of entrepreneurs for the starting self-employment ventures. The yearwise loan applications received by the banks is shown in Table No. 4.1.

At the same time proposals sanctioned by the banks is also important which helps to recognise the banks in sanctioning the proposals. The Table N shows clear picture of proposals sanctioned during the period of study by all the banks in this area.

Small Business Units	T o t a l
10	49
4	12
2	10
2	7
-	4
4	17
22	99
(22.22)	(100.00)
1	14
-	7
-	8
2	4
1	4
8	25
12	62
(29.36)	(100.00)
1	12
-	-
-	3
-	3
-	5
1	8
2	31
(6.45)	(100.00)
35	192
(18.23)	(100.00)

From the Table No. 4.1 it is clear that more than 72 per cent entrepreneurs are attracted towards starting service units. Table also shows that in the year 1983-84 there were only 3.03 per cent applicants from small industry unit. This number increased by 8.06 per cent in 1984-85 and 8.85 per cent in 1985-86.

It shows that the number of entrepreneurs in starting small industry unit is increasing.

Regarding the entrepreneurs starting service units the percentage in the year 1983-84 was 74.75 per cent to the total entrepreneurs in year 1984-85. This percentage reduced upto 72.58 in the year 1984-85 and increased 72.92 in year 1985-86. The data in the same Table also shows that entrepreneurs from small business units, the percentage is reducing at high rate. In the year 1983-84 the percentage was 22.22 to the total applicants while in year 1984-85 it reduced upto 19.35 per cent and 2 per cent in the year 1985-86.

So it may be concluded that entrepreneurs starting service units are increasing year to year comparing to the total entrepreneurs.



	Small Business Units	T o t a l
	4	25
	2	7
19	1	8
	1	5
	-	1
	2	11
	10	57
	(17.55)	(100.00)
	-	4
	-	1
19	-	2
	-	-
	1	2
	3	4
	4	13
	(30.76)	(100.00)
	1	9
	-	-
19	-	3
	-	2
	-	3
	1	7
	2	24
	(.833)	(100.00)
	16	94
	(17.02)	(100.00)

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From the above Table No. 4.2 it is clear that the Bankers have tendency to sanction the proposals from service units. During the year 1983-84 the Bankers sanctioned 3.50 per cent proposals from small industry units, 78.95 per cent from service units and 17.55 from small business units. The percentage of sanctioning service units seems to be higher.

In the year 1984-85 out of total proposals sanctioned 7.70 per cent relates to small industry units, 61.54 per cent relates from service units and 3.76 relates to small business units.

During the year 1985-86 the percentage of service units is 73.40 on an average the bankers select more proposals from service units, at the same time give preference to small business unit also.

Therefore, it may be concluded that the percentage of sanctioning the proposals from service units is higher than the other proposals.

4.4 (ii) TOTAL AMOUNT SANCTIONED :

After proper scrutiny of loan proposals, bank sanction the loan. The total amount sanctioned by each bank to various industrial units over the study period is clearly shown in Table No. 4.3, 4.4 and 4.5.

Similarly, total amount sanctioned during the period of three years for various industrial units with number of entrepreneurs is shown in Table No. 4.6.

No.	Total	Percentage
	Rs.	
1.	6,65,225-00	(40.32)
2.	1,63,000-00	(09.88)
3.	1,89,000-00	(11.45)
4.	1,73,000-00	(10.48)
5.	75,000-00	(04.54)
6.	3,85,000-00	(23.33)
	16,50,225-00	(100.00)

Source

From the Table No. 4.3 it is clear that Banker sanctioned more amount for service units. Table shows that 75.60 per cent amount is granted for service unit entrepreneurs during three years. The table also gives clear picture of amount sanctioned to small industry, small business and service units. As a Bank of India, Kavathe Mahankal Branch, lead bank of Taluka had sanctioned Rs. 6,65,225 during three years for small industry, service and small business units. The proportion of the other Branches is less in amount. The Sangli Bank Ltd. Kavathe Mahankal Branch stood second in financing to entrepreneurs during three years.

During 1983-84 to 1985-86 Bank of India, Kavathe Mahankal Branch stood first in financing entrepreneurs under this scheme.

1985-86				
Total	Small Industry Units.	Service Units.	Small Business Units.	Total
Rs.	Rs.	Rs.	Rs.	Rs.
76725/- (37.13)	25000/-	154000/-	18500/-	197500/- (46.88)
15000/- (7.25)	-	-	-	-
27000/- (13.06)	13000/-	18000/-	-	31000/- (7.35)
-	-	50000/-	-	50000/- (11.87)
28000/- (13.56)	22000/-	10000/-	- -	32000/- (7.60)
59900/- (29.00)	31000/-	59800/-	20000/-	110800/- (26.30)
206625/- (100.00)	91000/- (21.59)	291800/- (69.26)	38500/- (9.15)	421300/- (100.00)

From Table No. 4.4 it is clear than during three years, financial assistance to entrepreneurs during 1983-84 was higher than the year 1984-85 and 1985-86. The amount of total assistance from all banks in the year 1983-84 was Rs. 10,22,300/-, Rs. 2,06,625/-, 1984-85 and Rs. 4,21,300/- in 1985-86 for small industry, service and small business units respectively. Though the amount reduced, it largely depends upon the willingness of entrepreneurs in starting self-employment ventures.

The table also shows that during the three years, the trend of finance to small industry, entrepreneurs is steadily decreasing while service units and small business units is decreasing. The table also shows that, Bank of India, Branch Kavathe Mahankal, as is lead Bank, had good performance in financing under this scheme. As well as Sangli Bank Ltd., Kavathe Mahankal Branch stood second in assisting under this scheme.

SMALL BUSINESS UNITS				
Total	1983/84	1984/85	1985/86	Total
Rs.	Rs.	Rs.	Rs.	Rs.
559725/- (44.86)	62000/-	-	18500/-	80500/- (32.07)
122000/- (9.78)	41000/-	-	-	41000/- (16.33)
173000/- (13.86)	3000/-	-	-	3000/- (01.20)
148000/- (11.88)	25000/-	-	-	25000/- (9.96)
25000/- (2.00)	-	10000/-	-	10000/- (3.98)
219800/- (17.62)	26600/-	44900/-	20000/-	91500/- (36.46)
1247525/- (100.00)	157600/- (62.79)	54900/- (21.87)	38500/- (15.34)	251000/- (100.00)

From Table No. 4.5 it is clear that out of total financial assistance granted for small industry entrepreneurs, by all i.e. 6 scheduled banks, the share of Sangli Bank Branch, Kavathe Mahankal is higher. Table also shows that out of total financial assistance during three years, 59.98 per cent is given in 1985-86. This shows increasing trends towards financing small industry entrepreneurs. Whereas Bank of India, Branch Dhelgaon & Bank of Maharashtra, Branch Shirdhon show nil performance as not a single entrepreneur applied or was not ready to start small industry units.

So it may be concluded that bankers had given stress towards assisting small industry units.

The table No. 4.5 also shows that out of total financial assistance during three years, 65.90 per cent was granted in 1982-84. This percentage reduced upto 10.71 in 1984-85 and then increased upto 23.34 per cent. This shows decreasing trends towards financing to service unit entrepreneurs. Out of total assistance, Bank of India, Branch Kavathe Mahankal stands first in financing service units entrepreneurs. As a lead bank of Taluka the percentage shows higher than other banks.

So it may be concluded that Bank's trend towards financing service unit entrepreneurs is decreasing.

The table also shows that out of total financing assistance under small business unit entrepreneur, during three years, the Bank of India, Branch Kavathe Mahankal stood first in financing small business unit entrepreneurs. Out of total assistance over three years, 32.07 per cent assistance was given by Bank of India, Branch Kavathe Mahankal. The table also shows decreasing trend of all banks in financing small business units.

In short, it may be concluded that there is increasing trend of banks in financing small industry units entrepreneurs.

ED DURING THREE YEARS -

Class	Total Finance Rs.
	18,000-00
	13,000-00
	22,000-00
SMAL	16,000-00
	22,700-00
	40,000-00
	<u>20,000-00</u>
	<u>1,51,700-00</u>
	(9.19)
	8,28,000-00
	2,25,000-00
	30,800-00
	25,000-00
SERI	10,000-00
	16,725-00
	25,000-00
	15,000-00
	20,000-00
	27,000-00
	<u>25,000-00</u>
	<u>12,47,525-00</u>
	(75.60)
	26,000-00
	25,000-00
	65,100-00
SMA	12,000-00
	15,000-00
	25,000-00
	13,000-00
	24,000-00
	11,700-00
	9,200-00
	<u>25,000-00</u>
	<u>2,51,000-00</u>
	(15.21)
	16,50,225-00
Soi	

From Table No. 4.6 it is clear that bankers had given more stress on granting assistance for service units. During three years, out of total entrepreneurs, 73.40 per cent entrepreneurs are from service units. Particularly, more than 50 per cent entrepreneurs are from dairy farming. This shows bankers' trend in financing dairy entrepreneurs. Out of total entrepreneurs, only 9.58 per cent entrepreneurs from small industry units. Though the object of scheme was to give preference to small industry units entrepreneurs, in actual practice they had not given preference because of unwillingness of entrepreneurs to start small industry unit. The reason behind this was the shortage of small industry entrepreneurs.

The table also shows that out of total entrepreneurs (94), 17.02 per cent entrepreneurs are from small business units.

In short, bankers had given more stress on financing service units, and particularly more than 50 per cent entrepreneurs are from dairy farming. So it may be concluded that dairy farming seems to be convenient unit for entrepreneurs.

4.4 (iii) DISBURSEMENT OF LOANS :

Disbursement of loans is made in relation to the amount of loan sanctioned. The study of the magnitude of loan sanctioned and disbursement over the period under study can be made from the data given in Table No. 4.7.

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	SBI BRANCH NAGAJ. Rs.	SANGLI BRANCH BANK. K.M. Rs.	T O T A L Rs.
SANCT	75,000-00	3,85,000-00	16,50,225-00
DISBU	31,600-00	3,58,500-00	14,42,608-00
	(42.13)	(92.11)	(88.03)

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From the Table No. 4.7 it is clear that bankers had disbursed the amount to entrepreneurs more or less totally. Though disbursement was made according to the requirements of entrepreneur, timely disbursement is essential. Table also shows that 88.03 per cent amount is disbursed during three years, as it is found that the entrepreneurs who had sanctioned the amount, had not yet withdrawn. The proportion of Dhulgaon Branch in disbursement, is 99.38 per cent. It shows a good performance in disbursement. The proportion of Nagaj Branch shows less because some entrepreneurs were not yet started their units. The table also shows that each branch had disbursed more or less than 75 per cent of sanctioned amount.

So it may be concluded that bankers have made good performance in disbursement of amount sanctioned to entrepreneurs.

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