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**CHAPTER - II**

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## CHAPTER - II

### PROGRAMMES FOR EDUCATED UNEMPLOYED

#### 2.1 INTRODUCTION :

In this Chapter the researcher has made an attempt to discuss the special employment programmes for educated unemployed. This Chapter gives the reader a detailed information about various employment programmes for educated unemployed, their objectives, financing pattern and employment generated during the period of programmes. The programmes discussed in this Chapter help the reader to recognise the Government's attempt to reduce unemployment problem among educated unemployed.

However, the 'Self Employment to Educated Unemployed Youth' (SEEUY) Scheme discussed in this Chapter gives the reader detailed information about the Scheme regarding target group, the operational responsibility of the Scheme, Government assistance, training and other inputs and monitoring system.

The main purpose of presenting the employment programmes for educated unemployed is to give the reader historical background of self employment schemes and Government's attempt on reduction of unemployment among educated unemployed particularly emphasis laid on reduction of unemployment among educated unemployed youth.

## 2.2 SPECIAL EMPLOYMENT PROGRAMMES

### FOR THE EDUCATED UNEMPLOYED :

It was in the year 1971-72, during the Fourth Five Year Plan, three special employment programmes as listed below, were taken up for the benefit of the educated unemployed.

#### 2.2 (1) PROGRAMME FOR EDUCATED UNEMPLOYED (PEU) :

In the year 1971-72, this programme was initiated for three years (1971-74). The main objective of this programme was to mobilise technical and educated manpower. This programme sought to absorb this manpower into various activities, like rural engineering surveys, expansion and improvement in the quality of elementary education, financial assistance to small entrepreneurs, agro-service centres, expansion of consumer co-operatives, investigation of road projects and investigation of power and flood control - projects.

These schemes were handed over to respective Ministries/Departments for implementation. These schemes were envisaged to be of developmental nature and of short duration so that these would be launched immediately and executed within a year or so.<sup>1</sup> These schemes helped the new entrepreneurs under package programme. The package programme

included Government assistance for consultancy services, preparation of feasibility reports and detailed project reports, funding State Industrial Development Corporation to enable distributing of machinery to entrepreneurs on hire purchase basis, construction of industrial estates, provision of margin money assistance to individual entrepreneurs and equity contribution to corporate ventures of technicians.

Another scheme under PEU provided for training the entrepreneurs and subsidy on interest liability of more than 5% for establishment of agro-service centres. The funds placed at the disposal of the Small Industrial Development Corporation, State Financial Corporation and agro-services corporation were utilised by them along with other funds and their own disposal. As a result the impact of the programme input cannot be separately calculated.

The schemewise information was compiled by Planning Commission during period of the study. The Planning Commission observed that in 1973-74 of the amount of Rs. 6.38 crores utilised for stimulating self-employment activities, as such as, Rs. 5.16 crores pertained to industries sector scheme. This sector also accounted for 9,000 out of the total of 11,815 jobs created. The

agriculture sector accounted for almost all of the rest of the expenditure and achievement. The largest single item of expenditure was that on industrial estates and sheds. The total financial assistance provided under this programme was Rs. 102.66 crores in 1971-74 with the employment opportunities generated for 97,000 educated unemployed.

## 2.2 (ii) SPECIAL EMPLOYMENT PROGRAMME (SEP) :

Special Employment Programme was an additional programme drawn up in 1972-73 for two years (1972-74), enabling the states to take up employment schemes over a much wider and for educated as well as uneducated persons in urban as well as in rural areas. Under this programme the concerned States/Union Territories were given full freedom to draw up their own schemes. These schemes were to be in addition to the programmes already initiated by the Government of India for the benefit of the educated unemployed.

While formulating proposals for rural areas, the recommendations given in the Interim Report of Expert Committee on Unemployment (Bhagwati Committee) were to be kept in view and the schemes were to be prepared in the light of local requirements and special conditions.<sup>2</sup> Like PEU the scheme under the programme too was to be of developmental nature and of such a duration that it could be executed within a year or so. Under this scheme the

States were provided with a ceiling of central assistance and were asked to make matching contribution.

It was found that the states were given ample opportunities for formulation suitable schemes for self-employment ventures within the guidelines, but most of the states preferred to utilise the allocated assistance of providing stipendiary employment in the Public Sector. Schemes pertaining to self-employment were taken up in 1973-74 only, by about half of the states and only the six states of Andhra Pradesh, Bihar, Gujrat, Karnataka, Kerala and Madhya Pradesh took up sizeable schemes.<sup>3</sup>

Assistance of Rs. 3.8 crores was utilised for self-employment scheme under this programme with employment generation reported at 20,000. Gujrat alone reported a figure of 10,127 jobs created, 9,088 from a single scheme of financial assistance to artisans. It is doubtless if this was entirely new employment through figures reported been impossible. It would be noted that this scheme was not directly meant for educated unemployed. Kerala reported employment generation against this programme through only part expenditure has met from this e.g. for training of cattle improvement assistance and rural dispensaries. ~~The~~

The total central assistance provided to the States/Union Territories under this programme was Rs. 31 crores and employment generated was reported at 2.21 lakhs persons in 1972-74. This employment was generated both through central assistance and matching contribution made by the States.

2.2 (iii) HALF-A-MILLION JOBS PROGRAMME (HAMJB) :

It was in the year 1973-74, that Half-A-Million Jobs Programme was introduced. It was also split over assistance provided during 1974-75. This programme contained itself to the educated unemployed only. It aimed at providing employment opportunities to highly educated persons as well as matriculates and also to technical diploma holders. It was hoped that programme would clear a backlog of 20 per cent of the educated unemployed every year.

As an exception, help under this programme was extended to hereditary artisans and traditional craftsmen especially belonging to weaker sections of the society, who though did not have specified minimum qualifications, needed help under this programme.<sup>4</sup> For the benefit of State Government comprehensive guidelines were issued for the formulation of various schemes and proposals. Under the programme, these guidelines included inter alia, the maximum stipends per mensem for various categories of

educated unemployed. Details about special incentive scheme of subsidised employment to engineering degree and diploma holders and some points emphasising need for special attention for war widows, disabled handicapped persons and like.

The main thrust to promote self-employment ventures through the provision of training and margin money assistance to individuals and partnership, share capital contribution to the cooperatives of unemployed job seekers with a basic requirement of mobilisation of support from financial institutions, was made under this programme. Promotion of self-employment ventures were not restricted to the industrial sector but were extended to other sectors like agriculture and allied activities, cooperatives, trade and services and transport.

A few of the State Industrial Development Corporations (SIDC) providing built up sheds to these persons at certain selected places. The State Government also provide entrepreneurs with margin/seed money in order to enable them to undertake the projects, if they could contribute only 5% of the cost of projects.<sup>5</sup> In addition to provision of support by way of margin money/share capital assistance, the prospective entrepreneurs were given suitable training on a stipend at prescribed rates.

All the states initiated self-employment under this programmes, but the level of achievements were low in Haryana, Himachal Pradesh and the North East States of Meghalaya, Nagaland and Tripura (though Manipur did well). The HAMJP provided jobs in self-employment activities for about 76,300 persons at cost of 16 crores to the centre. Since some of the self-employment schemes continued to be under implementation, the full potential of the sanctioned schemes was still to be attained. The total central assistance provided for this programme was Rs. 55.15 crores, with employment opportunities generated reported at 3.41 lakhs.

For the benefit of State Governments/Union Territories who were requested to formulate their proposals, detailed guidelines were issued by the Planning Commission. Some of these guidelines in brief were as below :-

- a) Employment programme should be such as to be taken up in the Fifth Five Year Plan.
- b) Emphasis should be laid on self-employment programmes.
- c) Efforts should be made so that at least 20 per cent of the educated unemployed are absorbed during the year 1973-74 in each state.

d) The educated unemployed persons should be from a family having no source of income should get priority over others.

e) Special attention should be given in providing jobs to the graduates.

f) Training programme should be undertaken to improve the employment and absorptive potential of the educated unemployed.

The following table indicates the sources of finance for establishment of units under each programmes

	SEP	HAMJP	T o t a l
(1)	647	24009	26605
	310	3295	4365
(2)	586	10278	12322
	381	1600	2619** (100)
	82	158	275 (10.5)
	93	815	1072 (40.9)
	147	336	684 (26.1)
	1	286	269 (10.3)
	58	25	319 (12.2)
	7	982	1050
	80	7491	8330
	118	205	323

Souation, Planning Commission, Govt. of India,

s all types of schemes for educated

From these three schemes mentioned above, it is clear that these schemes help the entrepreneurs to formulate suitable self-employment ventures through the provision training and margin money assistance. It is also clear that promotion of self-employment activities through Government support was not altogether a new phenomenon arising from the special employment programme.

Since the nationalisation of the major banks in 1969, provision of credit facilities to the primary sectors, including agriculture and small enterprises, has been a major focus of their activity.

Even since the nationalisation of major commercial banks in 1969, financing small scale industry has assumed an important place in banking activity.<sup>6</sup> What was the new about the special employment programmes was the emphasis on the need to provide assistance to the educated unemployed.

### 2.3 SELF EMPLOYMENT TO EDUCATED

#### UNEMPLOYED YOUTH (SEEUY) :

Though these above programmes have relieved the pressure of unemployment to a certain extent the impact has been negligible when compared to the magnitude of situation.

In the year 1983 (15th August), the Late Prime Minister Mrs. Indira Gandhi announced in her Independence

Day addressing 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. Based on the above, the Reserve Bank of India had laid down guidelines for the implementation of the scheme by all scheduled commercial banks.

2.3 (i) TARGET GROUP :

The scheme was being implemented in the entire country except in cities with a population of more than one millions as per 1981 census. The scheme covers educated unemployed youths in the age group of 18 to 35 years who were matriculates and above. Due consideration and weightage were given to women and technically trained personnel. The scheme is meant to provide self-employment to educated youth who have no access to alternative source of finance.

2.3 (ii) IDENTIFICATION OF BENEFICIARIES :

The operational responsibility of the implementation of the scheme has been assigned to the District Industries Centres (DICs) which in consultation with the lead banks of the district are functioning as the model agency for the formulation of the self-employment schemes and their implementation.

The District Industries Centres are playing an important role in the development of small, tiny and village/cottage industries by providing help to - entrepreneurs under a single roof.<sup>7</sup> The task force set up by the DICs consists of the General Manager of the DIC, Credit Manager of DIC, a Representative each from the lead bank and concerned Small Industries Service Institute (SISI) and the District Employment Officer. Besides the above, a representative each of the two more leading banks of the district having larger representation in the district in terms of number of beneficiaries, expected for financing under self-employment scheme etc. have also been included.

The SISIs are assisting the DICs, in carrying out surveys, assessment of potential and preparation of projects. The DIC task force is responsible for - (1) monitoring and selecting the entrepreneurs, (2) identifying and preparing schemes in trade, service, establishments and cottage and small industries, (3) determining the activities of each of the entrepreneur, (4) recommending loans for the entrepreneurs, (5) getting speedy clearance as necessary from the authorities concerned. The DIC give adequate publicity to the scheme and invite the applications.

### 2.3 (iii) LOANS FROM BANKS :

A legible entrepreneur is provided with credit assistance from banks upto Rs. 25,000/- in the form of a

composite loan. The bank would not require the owners' contribution in the form of margin money nor collateral security or third party guarantee. The asset created out of the bank loan would be the security. Repayment schedule is determined depending on the nature and profitability of venture ranging over a period of 3 to 7 years with a moratorium of 6 to 18 months. The rate of interest is 10 per cent annum in backward areas and 12 per cent annum in other areas.<sup>8</sup>

#### 2.3 (iv) GOVERNMENT ASSISTANCE :

Government assistance in the form of a capital subsidy computed at 25 per cent of the total amount of loan is related to the bank after the disbursement of the loan. The subsidy amount received is kept as a term deposit in the name of the entrepreneur underlien to the bank and would earn interest rate applicable to the relevant term of maturity. After three fourths of the loan amount due is recovered, the balance one fourth amount will be adjusted by the bank against the deposit.

#### 2.3 (v) TRAINING AND OTHER INPUTS :

The State Government utilises the services of Industrial Training Institutes, Polytechnic etc. from their own funds for providing training to those who require some basic training and advice. Many of the educated unemployed possess some basic knowledge about

financial management, accounting, inventory management etc. and training may not be necessary in those areas. The State Governments also give preference to the entrepreneurs in allotment of work sheds in industrial estates and land whenever necessary. The National Small Industries Corporation (NSIC) and State Agencies concerned are providing the machinery and equipments required.

### 2.3 (vi) PERFORMANCE BY THE BANKS :

Reserve Bank of India fixed a target of Rs. 320 crores for all banks for the year 1983-84 and each bank has been advised to lend one per cent of its total bank credit. The scheme was received with great enthusiasm by the educated unemployed youth of the country and the banks have sanctioned loans to 2.42 lakh beneficiaries by the Government of India for 1984-85. However, it has been laid down that 50% of cases should be for industrial ventures and not more than 30% of the ventures should relate to small business. The scheme was also extended till 31st March, 1986 with the target of 2.5 lakh beneficiaries by the Government of India for 1985-86. Provision was also made in 1986-87 budget for this scheme of Rs. 1.3 crores as against Rs. 65 crores in the year 1985-86.

**2.3 (vii) MONITORING :**

The progress made under the scheme is being monitored by the DICs at the district level. The monthly progress reports received by the DICs from branches of various banks in the district are reviewed in the District Advisory Committee of DICs of which Collector/District Magistrate is the Chairman. The progress is being forwarded to the Development Commissioner, Small Scale Industries. The performance of the bank is being reviewed statewise at quarterly intervals and the Board is kept informed of the steps taken to implement the scheme.

**2.3 (viii) EFFECTIVE DELIVERY OF ASSISTANCE :**

While the progress of this programme has been commendable, effective success of the scheme depends upon the follow up of the beneficiaries. It is the experience of the banks that most of the applications of entrepreneurs were for starting small business and the educated unemployed coming forward for industrial activities are less in number. This is mainly due to the unawareness of new industrial ventures and new project ideas in industries in the districts. It is desirable to have project cell at the district level which would prepare, project profiles of emerging industrial activities and product lines and provide the same to the prospective entrepreneurs.

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