A STUDY ON

# SUSTAINABILITY OF SELF-EMPLOYMENT SCHEMES

## (KESRU, JOB CLUBS AND SARANYA)

(Government of Kerala, Department of Labour and Skills)

FOR

**KERALA INSTITUTE OF LABOUR AND EMPLOYMENT (KILE)**

BY

**Dr. P. K. B. Nayar**
Centre for Gerontological Studies
Thiruvananthapuram 695 004
November 2014

# TABLE OF CONTENTS

# PREFACE

This study has been made possible with financial support from the Kerala Institute of Labour and Employment (KILE) which wanted me to make an enquiry into the sustainability of the three self-employment schemes of the National Employment Service (Kerala) Department of Labour and Skills of the Government of Kerala. The three schemes are KESRU, Job Club and Saranya. For the study, I had formal and informal discussions with a large number of stakeholders who spontaneously and whole-heartedly cooperated with me by providing necessary information and data. Special mention may be made of the assistance rendered by the District Employment Officers and Employment Officers (Self-Employment) of the 9 Districts covered under this study, who spent several hours with me in both discussion and Koottaymma meetings. The help rendered by their office staff also has been considerable. At the headquarters, I had the pleasure of meeting the Honourable Minister of Labour and Skills, the Principal Secretary, Department of Labour and Skills, the Director, the Joint Director and other senior officers of the Department who rendered tremendous support for the study. The warm and open-minded cooperation of the beneficiaries of the three schemes both at the time of field visits and at the Koottaymma sessions also are acknowledged with sincere thanks.

I owe my thankfulness to the Field Staff of the Centre for Gerontological Studies who collected and processed the data and made them in a presentable form.

Finally I wish to express my deep indebtedness to Shri V. Veerakumar, Executive Director of KILE, who graciously permitted me to exceed the permitted time limit and who always took an encouraging and helpful attitude towards me and the study.

I am fully aware that the study has several limitations and I beg the sponsors and users to bear with me for them.

**P. K. B. Nayar**

# EXECUTIVE SUMMARY

This is a study on sustainability of self-employment programmes undertaken by the Employment Department (National Employment Service, Kerala) under the Department of Labour and Skills of the Government of Kerala. The self-employment programmes are (1) Kerala Self-Employment Scheme for the Registered Unemployed (KESRU-1999) started in 1999, Multi-Purpose Service Centres/Job Clubs (MPSC/JC) started in 2007-2008 and Saranya (Self-Employment Scheme for Destitute Women), started in 2010-2011. For this study, sustainability has been defined as ***ability or capacity of a system to maintain itself without outside support or keep going continuously without outside support*.** This would mean that the scheme is moving on planned lines, is optimally efficient in attaining its goals as planned and will be able to continue without external support. The impact of the schemes on the beneficiaries in terms of their long-term career-cum-economic improvement will have to be part of the study and as such has been examined.

Since this is a policy-oriented study, the conventional methodology has been only minimally used and data collection and analysis have proceeded on policy-making lines. First we thought of only field study of the three schemes in 3 selected districts of Kerala and chose Thiruvananthapuram, Kottayam and Kannur for this purpose. Then, in the course of the study, we found that getting information on the basis of a field study alone, where the respondent by and large answers only questions posed to him/her by Field Investigator was not adequate to measure the social and personal dynamics of the beneficiaries in an isolated individual setting. Hence the technique of ***Koottaymma***- was introduced by which we invited some beneficiaries of the three schemes to meeting places in the headquarters of the three districts and additionally chose 6 more districts to broaden our enquiry and to have a sounder knowledge base. There, we asked them to express their free and frank experiences and opinion on the schemes which they were running. In these sessions, we could feel the real pulses of the beneficiaries as regards the schemes are concerned. We had planned in our field study 30 beneficiaries from each of the three schemes from the three selected districts (3x3x30 = 270). However, for Job Club we could get only 63 beneficiaries. Additionally we interviewed 17 KESRU beneficiaries who had completed their loan period of five years and were now on their own. For the Koottaymma, we had 188 beneficiaries from KESRU, 91 from Job Club and 294 from Saranya from the 9 districts. Besides these groups, we also interviewed the District Employment Officers and the Employment Officers (Self-Employment) from the 9 districts and some officers from Vocational Guidance and EMI groups. We interviewed some Town Employment Officers, Service Area Bank Managers, Lead Bank Managers and also the top dignitaries from the Head Quarters of the Labour and Skills Department. We feel that we have met representatives of all stakeholders and have a full view of the happenings in the field and the offices.

The findings of the study are given in an Executive Summary and in eight chapters as follows: Chapter I. Introduction: the employment scenario in the state, Chapter II the methodology used in the study, Chapter III Findings on KESRU, Chapter IV Findings on Job Club, Chapter V Findings on Saranya, Chapter VI the Banks and the Beneficiaries, Chapter VII Sustainability of the Schemes, and Chapter VIII Conclusions and Recommendations.

Only major recommendations are given here, focussed on the three programs namely- KESRU, Job Clubs and Saranya. The reader is requested to go to Chapter VIII for fuller details.

## KESRU

**It is suggested that the name KESRU 1999 be changed to *SWAASRAYA* or *PARISRAM(AM)* which looks more meaningful and appropriate. It can be called *Swaasraya 1999 or Parisram 1999*. But it can stand alone also.**

***In our opinion, KESRU should be treated as the FLAGSHIP of the entire government self-employment programmes and as such should be a fully self-contained and fully sustainable programme. It should be approached and treated as such by the Government.***

Due to increased and increasing cost of machinery and materials, in fact of everything that a new entrepreneur would require in starting a new enterprise, the present limit on the loan amount of Rs. one lakh should be raised to Rs.2.5 lakh with the subsidy raised from the present 20% to 30%.

50% of this amount should be released along with the sanction of the project. The remaining 50% should be given 6 months after the release of the first instalment and after ensuring that the project has been put on ground and is satisfactorily progressing. However, if the DEO finds that for the starting of the project the full amount of loan should be released, this could be done.

The payment of the second instalment should be made by the DEO only after a strict inspection of the premise and interview of the entrepreneur by the Employment Officer (Self Employment) to assess the project's progress on planned lines and its viability in the light of changing market conditions and also in the light of the entrepreneur's continued motivation.

The payment should be made to the party **direct by the Government** as in Saranya instead of asking the Bank to finance it.

The loan should carry an interest rate affordable to the party. The maximum interest of the loan amount should be 6%.

At present the 20% government subsidy is back-ended. It is recommended that the subsidy be raised to 30% and made front-ended. It should be paid in two instalments as follows: 50% at the beginning of the second year and the balance of 50% at the beginning of the third year on two conditions. For release of the first instalment, satisfactory progress of work during the period under review endorsed by the Self Employment Officer (EOSE)) should be submitted to the DEO. For release of the second instalment, there should not be any default on loan repayment in the previous year and there should be satisfactory progress of work in the year under review.

It may be pointed out that several of the self-employment schemes have hiked their subsidy rates to as high as 35% (e.g. District Industries Centre, KVIB, KVIC) and our suggested rate of 30% cannot be considered as high.

The entrepreneur should be given a moratorium of six months for payback after the release of the first instalment of the loan.

There should be provision for a second dose of support to those projects which want to expand or which are facing crisis situations and for which some small dose of financial injection would do the needed corrective. This again, should be given after a more severe inspection process by the DEO (if necessary with the help of experts) and should not exceed 20% of the total sanctioned grant. The interest charges on the extra allotment will be the same as for the primary loan and the amount may be paid within the period of the first loan (four and half years after loan payment starts).

The period of repayment of the loan should be four and half years, starting from the commencement of the 7th month after receipt of the first instalment of the assistance.

There should not be any requirement of security by way of property from the beneficiary, except that the whole enterprise should be pledged to the government and other simple guarantees if deemed necessary. Also, if found appropriate, the establishment could be insured and the insurance certificate could be surrendered to the DEO.

The scheme could operate like Saranya with all the requirements and procedures attached to it *mutatis mutandis.*

There should be strict screening of the proposal and of the proposer by the Employment Officer (SE), including summoning of the candidate and inspecting the premises before submission of his application to the Selection Committee.

All selected applicants should be required to undergo a compulsory one week's training in an approved institute - RUDSETI or RSETI or any other similar institute in the government or recognised NGO sector. The loan amount should be released only after the candidate obtains a certificate of successful performance at the institute. Instruction at the institute should include not only personality, skill development and EDP but also technical (production and marketing) knowledge in the particular trade opted by the applicant. The module and *modus operandi* of this training may be worked out by the Labour and Skills Department.

The family annual income of the applicant should be raised to Re.150,000/-

## JOB CLUBS

A Job Club could be very appropriately formed with members of the family as partners and as such should be permitted.

In exceptional cases, one enterprising individual could be permitted to start a venture under this scheme.

The loan amount should be Rs.25 lakh instead of the present Rs.10 lakh. For the individual entrepreneur, it should be Rs.10 lakh only.

To ensure the club members' involvement in the business, the existing 10% contribution from the members should be continued.

The government share of the subsidy should continue to be front-ended but should be raised to 30%.The amount should be paid to the beneficiary's account as soon as the bank informs the DEO about the approval of the beneficiary's application.

The club should be given freedom to negotiate with any bank of its choice within the district and the concept of the "service area bank" should be done away with. This will help the club to get favourable terms on the loan and flexibility in the purchase of machinery and equipment for the club.

There should be a moratorium of six months on loan repayment which should begin only from the 7th month after the issue of the loan. As in the case of KESRU, this will give the club breathing time to pay the instalments. The period of the loan will be five years and payment should be spread over 4 and half years.

The upper age limit of the applicant should be extended to 50 instead of the present 40.

There should be a subsidy on the rate of interest. Interests charged by the bank above 6% should be borne by the Government. Interest subsidy will be given at the end of every loan repayment year on condition that there is no default in loan repayment in the previous year. If there is default of more than 2 instalments and without valid reason, that year's subsidy will be withdrawn. E.g. The party begins paying instalments only from the beginning of the 7th month after receipt of the loan amount from the bank. If he/she fully remits the dues for the previous 12 months, subsidy on interest for that period will be paid in the beginning of the second year of payment, and so on.

The family income of JC members for qualifying for assistance should be raised to

Rs.150, 000.

The Employment Department should undertake an aggressive promotion programme where the Department can advertise that under the changed rules, loan and subsidy payments are liberalised and made more transparent and more user-friendly. The promotion programme should be for all self-employment programmes.

Banks should not insist on the applicant heavy security in land and other assets which in most cases are not only detrimental to the party but also avoidable and unnecessary. E.g. Asking a Team Member with family income of Rs.50, 000(or even Rs.150,000 per year as suggested here) to mortgage the family property for 5 years. Simple partnership deed on Rs.100 stamp paper should be considered sufficient.

Banks should give the applicants at the very beginning a list of ALL documents required for processing the application and a time frame within which the application will be processed for issuing loan. This time frame should not exceed 3 months.

Banks should avoid insisting on enclosing a Quotation for the machinery and materials required for one's club when submitting the application. After the loan is sanctioned, the party could go to the shop of his choice and negotiate for his requirements and obtain a quotation for them. In any case, the bank will be issuing the payment only to the shop owner and this is sufficient guarantee for the bank to ensure that there is transparency in the deal.

There should be transparency in the bank's dealing with the JC clients. At present, the client does not know how the loan process works; he is in the dark about the receipt of the subsidy, rate of interest on the loan, repayment structure, penalty for default and so on. The client should be made completely "literate" on that part of the banking system which is relevant to him.

The client should be advised to use the services of the Financial Literary Centre located in every Block Panchayat to get information on the functioning of the Banking System. The service of this Centre is free. This advice should be given at the beginning, either by the bank or by the Employment Officer or by both.

(The above recommendations have been made with the objective of enabling a new entrepreneur to have minimum hurdles on his venture and to see that the loan and subsidy systems do not work to his disadvantage. In the existing set up, many of the beneficiaries end up with indebtedness to the bank and in many cases, have to pay more than the subsidy as interest)

## SARANYA

This is a unique scheme specially meant for marginalised women who have been under severe handicap both socially and economically. The group includes widows, divorced or legally separated or abandoned women, unmarried women above 30 years and unmarried mothers from ST community.

There is need for an upward revision of the Saranya amount to Rs. 100,000/- from its present Rs.50,000. 75% of it may be given as first instalment, of which 50% as interest-free loan and 25% as Government grant. The other 25% government grant shall be released at the end of 6 months and after verifying that the amount already granted has been utilised properly. (In exceptional cases, the full amount may be given in one instalment if the DEO feels so).

Additionally 20% of the total assistance may be paid to the beneficiaries as development loan or crisis management loan as warranted by the situation..This will act as an inducement for genuine beneficiaries to develop her business on sustainable lines and also enable unlucky units to get over temporary reverses. The amount will carry an interest rate of 3%. The amount will be disbursed only on the recommendation of the DEO. This additional loan should be repaid with interest in instalments along with the repayment of the interest free loan. For eligibility for the additional loan, besides the recommendation by the DEO, there should not be any default on the payment of instalments on the existing loan.

There should be a moratorium of 6 months on the payment of the instalment. Repayment of the 50% interest-free loan will start from the beginning of the $7^{th}$ month and will be spread over the next 4 and half years.

The family income limit for eligibility should be raised to Rs. Two lakh (Rs.200,000).

An applicant could apply at any time of the year for Saranya assistance instead of waiting for government notification.

Besides the present categories of women brought under the Saranya scheme, the following women also should be brought under its umbrella:

- Woman who is keeping a chronically ill and immobile husband,
- Women who has to take care of disabled siblings
- Woman who has to look after ailing parents or disabled offspring and in poor circumstances
- Destitute women in the Endosulfan area
- Poor women with disabilities.

**GENERAL**

There should be two types of funds for assisting contingency situations:

*A Crisis Management Fund* for giving loans to units which are facing critical but temporary problems and need some funds immediately to tide over them.

*A Development Fund* for those who want to expand their units.

Units can avail of one of these funds as per their need on the basis of a well drafted project plan (for recovery or expansion) duly endorsed by the DEO.

From each fund, amounts to a maximum of 20% of the earlier loan for all three schemes may be given on a subsidised interest of 6% (3% for Saranya).

In the case of Job Clubs, the scope of CGTSME coverage should be extended to more areas so that lending banks will be able to use it as a protection for non-payment of the money by the loanees. State Level Bankers Committee (SLBC) may be alerted to pressurise the RBI or take appropriate action to expand its scope.

To the extent possible, applicants with previous experience should be selected for all schemes.

A self-contained project report should be insisted upon from all applicants. The selection committee should make strict scrutiny of applications before they are passed.

Frequent inspection of all subsidised units by EO (SE) or by the Town Employment Officer should be made to ensure progress of the units under the different schemes.

**Administrative Set-up for the suggested programmes**

At the District level, a full-time junior self-employment officer and a clerk to assist the EO (SE) in his work will have to be appointed.

At the Town Employment Office, computerisation will relieve that office of much of its present heavy work load and one of the senior staff in that office could be deputed to do full time work on self-employment schemes. The work of periodically inspecting the units in all three schemes should be delegated to the Town Employment Officer and units which are not working properly should be reported by him/her to the DEO. This will achieve two purposes (1) Being a local official he/she could inspect the progress of units more often and more thoroughly than is possible by the EO (SE). (2) The EO (SE) need to inspect only those units which are reported by the Town Employment Officer as having problems. This will make supervision more efficient.

Each District Employment Office should be provided conveyance to enable the concerned officials to inspect the units under the different schemes more frequently and fully.

The Service Centre proposed in both Job Club and Saranya but not yet started functioning could be opened in the DEO office and attached to the EO (SE)

At the HQ, a full time Joint Director and necessary supporting staff may be appointed to assist the Department in Self Employment work. This office will take care of the enlarged district employment offices.

### The following are our other suggestions

To safeguard the loan amounts granted to the different beneficiaries under the different schemes, these schemes should be insurance linked. This will, to some extent, take away the worries of the Banks which are sensitive to granting loans without proper security or with poor security. This will also ensure the coverage of many loans issued by Government without proper security.

A separate software for Self-Employment programmes should be developed.

Special training to DEO, EO (SE), Town Employment Officers and second line staff in the dynamics of SE programmes.

Training of the staff in the SE section both in the District and in the HQ in the specifics of their work. The Employment Department will work out the training modules

Coordination of all agencies and programmes of self-employment with the Labour and Skills Department as the **nodal agency**. It is necessary that similar and parallel schemes now being undertaken by different agencies be coordinated to avoid duplication of programmes and duplication of expenses. This will help the applicant to choose the best programme and help the programme managers to economise on time and money.

An aggressive promotion programme to bring the three schemes to the attention of potential job seekers should be launched through the media and other agencies.

An annual get-together (mela/Koottaymma) of all units at the district level could be organised in a convenient part of the district for each scheme which can be used by the units for promotion-cum-sale of their products and as a forum for promotion of the scheme by the District Employment Office.

Institution of prizes for the best unit in each scheme, district-wise and state-wise, may be considered.

Prize for the best performing district also are suggested.

## Conclusion

***In conclusion it may be pointed out that some of our suggestions would require not only structural changes i.e. administrative and financial changes but a new perspective on the whole work of the Employment Department. Currently ED is part of the wider Labour and Skills Department where the emphasis is more on labour relations, labour problems and labour laws. This is certainly important because labour is a sensitive area and labourers are an important segment in the socio-economic order. However, the Employment Department is concerned with an equally significant segment of the people . But this lot is a silent group and totally unorganised. The government's allowance to some of them will look like pea nuts. For the receiver, it is not sufficient even to send one application for an employment vacancy. What is suggested here is to make a beginning through an aggressive march towards a partial solution of the problem. Currently, ED's only major work in this field other than running self-employment schemes is to suggest names for notified vacancies. The ED cannot increase this at will. If a target is fixed through a restructuring of the existing schemes and a reorganisation of the existing offices handling them and through an aggressive promotion programme, the number of beneficiaries under the schemes could be quintupled in 3 years. One may argue that other departments and agencies are also engaged in employment generation and also cater to the marginalised sections but that does not exonerate the Employment Department from performing its primary leadership responsibility, namely employment generation and employment supply. We see the Labour and Skills Department as primus inter pares, (first among equals) in the employment field, and this is our justification for arguing for its leadership role in the rapid expansion of the self-employment schemes***

-----------------------------------

# I. INTRODUCTION

## Unemployment Scenario in Kerala

The Employment Department, National Employment Service (NES) under the Labour and Skills Department of the Government of Kerala is one of the world's largest manpower data base managers and has up-to-date information on around 12% of the population of the State and, more importantly, about one-third of the persons of the productive age group. It is also one which has the primary responsibility for tackling the most formidable problem of the State – unemployment.

Indeed, unemployment is a big problem facing Kerala today. Unemployment, especially educated unemployment, is largest in Kerala compared to that in other Indian states. Rush to Employment Exchange is partly due to the wide awareness of the people about this office and also hope of many to get some relief from unemployment through this agency. The introduction of Unemployment Assistance (monthly allowance of Rs. 40 at the beginning and currently Rs.120) has been another impetus for registration. The Scheme called Kerala Unemployment Assistance and Self- Employment Scheme 1982 ( vide GO (P) No.40/82/LBR dated 12theNovember 1982) says that those who are in the age group of 18 to 35 and passed SSLC are eligible for unemployment assistance if they have no job or income fetching Rs.100 pm. However, they should have been registered with an Employment Exchange in Kerala for three years. The latter endorses the fact that the registrants continue to be underemployed for the past 3 years. To be eligible, they should continue on the live Register of the Employment Exchange for the whole period of the assistance. A person can register with the Employment Exchange at the age of 14. There is no upper age limit for registration. It is found that there are persons on the Unemployment Register who had renewed their registration for as many as 10 times (total period on the Register for 33 years).

The data in Table 1 is indicative of the magnitude of the problem.

**Table 1 - Live Register of Unemployed for the period 31.3.2008 to 31.3.2014**

| Year | Total Registration |
|---|---|
| 2005-06 | 3,793,183 |
| 2006-07 | 3,899,396 |
| 2007-08 | 3,953,313 |
| 2008-09 | 42,19,151 |
| 2009-10 | 4,090,887 |
| 2010-11 | 4,244,452 |
| 2011-12 | 4,344,102 |
| 2012-13 | 3,747,006 |
| 2013-14 | 3,697,892 |

Source: Administration Report: National Employment Service (Kerala) 2011-2012, p. 74 supplemented by data for the last two years

The drastic reduction in the number of registrants during last two years compared to the previous years is due to the computerisation of the registration data which resulted in the removal of registrants whose validity had expired after three years. The relevant rules require that all registrants should renew their registration every three years.

An important feature of the Registered Unemployed is that the overwhelming majority of these persons are women. In 2013 - 2014, for example, out of 3,697,892 registrants, the number of women was 2,241,681 (61%) against 1,456,211 men (39%). A major reason for the predominance of women among the job seekers is the higher education of women and increasing aspiration among them to be economically independent. Also, women are less geographically mobile in terms of employment than men and they naturally look for jobs within the state.

As against this situation of unemployment, the number of persons who got employment through Employment Exchanges during this period is a miniscule as shown in Table 2.

**Table 2. Performance of the Employment Exchanges during 2008-2014**

| Year | New Registration | Notification by employers | Submission to employers | Placement | Total Registration |
|---|---|---|---|---|---|
| 2007-08 | 353,828 | 30,881 | 291,935 | 13,427 | 3,953,313 |
| 2008-09 | 246,185 | 24,975 | 266,935 | 17,820 | 4,219,151 |
| 2009-10 | 363,715 | 19,219 | 214,808 | 15,345 | 4,190,887 |
| 2010-11 | 295,430 | 21,071 | 212,031 | 11,838 | 4,444,452 |
| 2011-12 | 298,872 | 22,011 | 246,384 | 12,150 | 4,344,102 |
| 2012-13 | 414,101 | 21,841 | 188,276 | 11,663 | 3,747006 |
| 2013-14 | 366,542 | 14,500 | 176,048 | 8,928 | 3,697,892 |

Source: Administration Report: National Employment Service (Kerala) 2011-2012, p. 74 supplemented by data for the last two years

It will be seen that the actual number of persons who got employment through the EEs during the past seven years is a trickle in the vast ocean of unemployed. The number of those getting employment through this mechanism annually does not come to more than 18,000 in a year. The type of employment secured through the EEs is mostly temporary as for all permanent posts recruitment is through statutorily established service commissions. Even for the posts that are required to be compulsorily referred to EEs through the Compulsory Notification of Vacancies Act, the tendency for employers is to circumvent the EE on some excuse or loophole in CNV Act.

There are 14 District Employment Exchanges, 3 Professional and Executive Employment Exchanges, 6 Special Employment Exchanges for the handicapped, 62 Town Employment Exchanges, 7 University Employment Information and Guidance Bureaus, 6 Employment Information Assistance Bureaus in ST concentrated areas, 2 Coaching cum Guidance Centres for SC/ST and 3 Regional Deputy Directors of Employment, in Kerala. All Town Employment Exchanges register the unemployed applicants. The District Employment Exchanges also register applicants even though as the agency having charge of the whole employment-related activities of the district they have many other important responsibilities as well.

## Major Schemes of the Employment Department

### 1. Self-Employment Schemes

Government has been trying to tackle the problem of unemployment in the state through several ways. As mentioned earlier, as early as 1982, Government introduced a scheme - the Kerala Unemployment Assistance and Self-Employment Scheme - which introduced two items - an unemployment allowance for the unemployed and an employment scheme for those who can find self-employment avenues with some government grant/subsidy. The latter was replaced in 1999 to give place to a more elaborate scheme for self employment. This is the Kerala State Self-Employment Scheme for Registered Unemployed (KESRU) 1999. KESRU was a modified form of the earlier scheme. The 1982 scheme envisaged a lump sum cash payment of Rs.600/ at the initial stage itself (front end payment) and bank loan of Rs.5000 with subsidised interest of 4% for those whose income does not exceed Rs.3500 per year. The 1982 Scheme contained two other important provisions which do not find place in the KESRU Scheme.

(1) Under Section 15: Help and Advice, the scheme says "It shall be the duty of the District Level Committee on Self-Employment to help the beneficiaries selected under the Scheme in the successful launching of the self-employment project, including help in such matters as procurement of raw materials, provision of know-how and market facilities, imparting of training in necessary skills etc.

(2) Section 17 says that request for additional financial assistance (lump sum) after the commencement of the self-employment project shall be considered by the Government on merits in each case.

**These provisions are partly incorporated in our Recommendations.**

In 2007-2008, one more self-employment scheme was introduced – the Multi-purpose Service Centres/Job Club Scheme. In 2010-11 a third scheme, Saranya, was introduced for giving marginalised women some avenue for employment.

Thus the Employment Department now runs three schemes for giving self-employment to the unemployed.

Table 3 shows the number of persons who were absorbed under these schemes in the past five years.

**Table 3. No. of persons who were absorbed under the 3 schemes**

| Year | KESRU | Job Club | Saranya* | Total |
|---|---|---|---|---|
| 2009-10 | 736 | 281 | -- | 1017 |
| 2010-11 | 767 | 178 | 389 | 1334 |
| 2011-12 | 536 | 128 | 773 | 1437 |
| 2012-13 | 676 | 130 | 1849 | 2655 |
| 2013-14 | 578 | 137 | 2740 | 3455 |
| **Total** | **3,293** | **854** | **5,751** | **9898** |

*The Scheme was started only during 2010-2011

There were a total of 9898 persons who got self-employment during the last 5 years under all the three schemes.. Chapters 3, 4 and 5 give further details about these schemes and the findings of our study on them.

**2. Self-Employment Programmes run by other agencies**

The unemployment problem in the State is being tackled through schemes of self-employment by many other agencies also. Two of these schemes cater to only women (Kudumbasree and Women Development Corporation) while the SC and ST Development Corporations' schemes cater to only members of the SC and ST Communities. Some others also have restricted clientele. But a number of other Boards and Departments offer self-employment programmes that are thrown to all the unemployed, irrespective of caste and communities. Then there are activity-specific loan programmes like Mini Dairy Unit, schemes for Pig, Rabbit and Poultry development, One Lakh Youth Programme and Rajiv Rinn Yojana to provide "affordable housing for all" and Joint Liability Groups of Micro Entrepreneurs in Agro-allied and Non-Farm Sectors - all central government schemes for which persons from the State also can apply. Many of them have age bar and income bar. The age limit for eligibility for most schemes falls between 18 and 55. The income bar for many schemes restricts the income of families of applicants to below a certain amounts (in urban areas Rs.1.03 lakh and in rural areas Rs.81,000). In some cases, there is a personal income limit as well. The following are some of the agencies giving grant/subsidy/loan to the unemployed to start self-employment programmes:

1. Kudumbasree
2. Women Development Corporation
3. SC and ST Development Corporations
4. Minorities Development Corporation
5. Khadi and Village Industries Board
6. NABARD
7. Industrial Development Corporation
8. Kerala State Entrepreneur Development Corporation
9. Kerala State Entrepreneurship Development Mission (KSEDM)
10. Kerala Institute of Entrepreneur Development
11. Programmes by Agriculture and Fisheries Departments
12. Prime Minister's Employment Generation Programme (PMEGP)
13. Minorities Development Financial Corporation.
14. District Industries Dept. Entrepreneur Support Scheme

**3. Free Training to prospective (unemployed) entrepreneurs**

There are a number of training institutions specialising in imparting skills and knowledge on entrepreneurship, leadership and motivation besides imparting skills in the different professions and vocations. Following advice from the RBI, major banks in the country have started Training Institutes in over 419 districts in India where free training in a vast variety of trades is imparted with a view to equip the uninitiated and partly initiated youth to entrepreneurial and self-employment programmes.

All districts in Kerala have these Institutes - Rural Development and Self-Employment Training Institute (RUDSETI) in Kannur District and Rural Self-Employment Training Institutes (RSETI) in other districts. Except RUDSETI, others are operated by the Lead Banks in each district. There are regional training centres such as Micro Small and Medium Enterprises (MSME) in Thrissur, Kerala State Institute of Design (KSID) at Chandanathope, Vocational Rehabilitation Centre for Differentially Abled at Thiruvananthapuram, Janshiksha Samsthan in different districts and a number of NGOs (e.g. Kottayam Social Service Society) running training institutes in the state. There are also Financial Literacy Centres (formerly called Financial Literacy and Credit Counselling Centres). In Kerala, they function in every Block. These centres undertake programmes to create awareness among the general public about banking system and its rules and procedures through counselling and through meetings organised at Panchayats and educational institutions. Employment Exchanges also run one other programme relevant to mitigating the unemployment situation - the Vocational Guidance Programme (Please see later)

### 4. Unemployment Assistance

As mentioned earlier, this scheme was started by the Government in 1982 to provide some relief to the unemployed youth of the State. Originally the amount was only Rs.40. It was periodically revised and the amount now stands at Rs.120 a month. The age limit, income limit and educational qualifications for eligibility for the assistance are given earlier. Table 4 gives the details about the number of beneficiaries of the scheme from the beginning of this century and the amount spent on them.

**Table 4 - Persons receiving Unemployment Assistance (in Rs.)**

| Financial | Budget | Number of beneficiaries | Amount spent |
|---|---|---|---|
| 2000/2001 | 70 Crore | 388,333 | 3,69,478,910 |
| 2001/2002 | 70 Crore | 351,685 | 2,07,850,440 |
| 2002/2003 | 70 Crore | 373,034 | 2,15,171,440 |
| 2003/2004 | 70 Crore | 387,370 | 2,40,831,960 |
| 2004/2005 | 116 Crore | 387,370 | 8,30,000,000 |
| 2005/2006 | 116 Crore | 387,370 | 9,28,819,777 |
| 2006/2007 | 5,57,813,000 | 344,695 | 5,01,020,767 |
| 2007/2008 | 5,39,592,000 | 318,894 | 4,88,403,046 |
| 2008/2009 | 5,21,179,000 | 338,735 | 4,89,118,970 |
| 2009/2010 | 5,21,179,000 | 332,561 | 4,89,160,430 |
| 2010/2011 | 5,21,179,000 | 303,691 | 4,82,106,260 |
| 2011/2012 | 5,21,179,000 | 303,691 | 3,42,216,360 |
| 2012/2013 | 5,11,179,000 | 297,880 | 3,31,024,061 |
| 2013/2014 | 5,11,179,000 | 230,307 | 1,57,350,900 |

Note: For 2013-2014, the period covers only the first 5 months.
Data supplied by Employment & Resettlement Department

## 5. Vocational Guidance (VG) Programme

This is another major activity of the Employment

Department with a separate unit and an Employment Officer (Vocational Guidance) in each district. The Vocational Guidance Unit, located in the District Employment Exchange gives proper guidance to job seekers and students and conducts classes in schools, colleges, ITIs, polytechnics and similar institutes. They give career talks to students in high schools and colleges, hold career exhibitions and seminars, take coaching classes, IBPS (Institute of Banking Personnel Selection) and many other career development oriented programmes. They work in close collaboration with University Employment Information and Guidance Bureaus and other counselling centres in the State. Over 2 lakh students benefitted out of these programme in 2013-2014.

## 6. Employment Marketing Information (EMI)

A description of the major activities of the Employment Department of the Government will not be complete without mention of the work done by the Employment Marketing Information (EMI) Unit. EMI Units work in all the 14 districts of Kerala and function as part of the District Employment Exchange. Their main function is to collect on a regular and continuous basis, information regarding periodic changes in the level of employment, occupations, educational, industrial and sectoral composition of employment and shortages and surpluses in manpower, etc.

## 7. Employability Centres (ECs)

Kerala Government has started restructuring the Employment Exchanges by enabling the handling of the severe unemployment problem through new institutions. One such institution is the Employability Centre. Government claims that this is a revolutionary step - converting Employment Exchanges into Employability Centres (ECs). ECs provide centrally located avenues to conduct walk-in-Interviews, support in assessing the candidates through Aptitude Test and a variety of other tests. EC's objectives are:

- To upgrade the District Employment Exchanges to enable them to handle the challenges of a changing world, especially in training and placement of the jobseekers;
- To provide employability solutions to all job seekers, to assess and certify the skills of the job seekers and make them more industry relevant.
- To build capacity for conducting services like assessment of the candidates,

- Counselling,  and placement, and
- To provide value added services to job seekers and create job seeker-industry friendly Environment in the employment exchange

  .Employability Centres are in operation in Ernakulam, Kozhikode, Kannur, Palakkad and Kollam Districts. The scheme will be extended to all other districts in a phased manner.

**8. Techno Skill Pool**

The latest effort of the Government of Kerala to ease the unemployment situation has been the proposal for starting Techno Skill Pool (TSP) – a pool of technically skilled manpower in the employment exchanges. The objective is to bridge the existing gap prevailing between job seekers and job providers in the unorganised sector by maintaining a pool of technically skilled manpower. Though a large number of technically skilled job seekers have registered their names in the Employment Exchanges, only a small percentage of them can be provided placement through Employment Exchanges due to the limited opportunities available in the public sector. Most of them renew registration from time to time but do not receive any job opportunities through Employment Exchanges. The present Scheme intends to provide skilled technical persons on demand to the public to cater to their different day-to-day needs. The scheme also aims at reducing the role of middle men and providing quick skilled services to the public directly and at reasonable cost.

**9. Career Centres**

Recently the Government of India announced a new scheme in this field, viz., converting the Employment Exchanges into Career Centres. This looks similar to the Employability Centres of the State. Being a part of the National Employment Service, Kerala will also have this scheme. Some of the activities of Career Centres are to provide training to unemployed rural youth and use the National Career Portal to enable information on availability of jobs. To what extent this could replace the existing EEs or re-orient them into career providing (against the present training or advice) centres will depend on how the government will approach the unemployment programme of the country through the proposed reform.

## Conclusion

Employment Exchanges have not been able to provide effective solution to the State's unemployment problem though they run a number of programmes not only to find jobs for the jobless but also to train them in job careers and make them employable. They have great potential for not only providing more jobs and making the jobless employable but also for giving proper advice and assistance to government on how to redeem the situation of massive unemployment. But to achieve this end (advising Government) the Department has to be vastly reoriented and restructured and made the **nodal agency** for all kinds of jobs and training for jobs in the State. At present, and as already stated, these are being done by a multiplicity of agencies besides the Employment Department and this drains the scarce resources of the state and creates anomie in the minds of the job seekers. If all these different agencies, some of which are moving in different directions, are brought under an umbrella organisation with central coordination in goal setting and achievement, this will be beneficial to the jobless who are now knocking at all doors which promise jobs, training and other financial assistance to them. In the whole government set up, the Employment Department with its comprehensive data on all aspects of employment and unemployment and covering the entire state and with qualified staff will be the most appropriate agency to deliver the urgently needed services adequately, efficiently and speedily, but it requires large-scale restructuring and revamping. Existing machinery in the other departments will not be able to deliver the required goods optimally as these departments do not have the holistic view of the problem and machinery competent to handle this highly technical problem. Nor will the Government of India's new move of Career Centres be able to solve the problem except marginally. It is time that the state government addresses itself to this problem (coordination of different agencies) urgently and seriously so that the challenging problem of unemployment in the State could be scientifically and systematically attempted and a more satisfactory answer could be evolved out of this common endeavour.

-----------------------------------------

# II METHODOLOGY OF THE STUDY

This study uses mainly three methods:

1. A field work based on selected samples from each of the three groups - KESRU, Job Club and Saranya from three Districts, viz., Thiruvananthapuram, Kottayam and Kannur, originally planned for the study.
2. Koottaymma of beneficiaries from the three groups in 9 districts including the three districts selected for field work. The other six districts are Kollam, Alappuzha, Thrissur, Palakkad, Malappuram and Kasaragode.
3. Personal discussions with selected Service Bank Managers, Lead Bank Managers, District Employment Officers, Employment Officers (Self-Employment), Town Employment Officers and Senior Officials of the Department of Employment of the Government of Kerala at the Headquarters and significant others.

The details of the groups and persons whom we met for the study are given below:

**A. Beneficiaries**

For Field Interview: From each of the three districts (Thiruvananthapuram, Kottayam and Kannur), beneficiaries were selected for field interview and were met in their project sites with carefully prepared and pretested Interview Schedules. Interviews were conducted by our Field Staff who have adequate training in Interview Techniques. A Total of 107 KESRU, 90 Saranya and 63 Job Club Beneficiaries were interviewed.

For Koottaymma: We invited beneficiaries from the three groups to a pre-arranged meeting place in the district headquarters of the 9 districts. We first asked each of them to give their names, activity, date of commencement of the activity, amount asked and amount received. Then we asked them to share their experiences, problems and present state of their project and finally their frank and honest opinion about the project. Each of the beneficiaries was called separately for this from the assembled participants and their statements were recorded on the Voice Recorder. The statements made by the beneficiaries were open to all who were also given opportunity to share their views on common problems faced by them. The following is the break-up of the beneficiaries for the two sets of interviews:

**Field Interview (Three Districts)**

| | |
|---|---|
| KESRU | 107 |
| Job Club | 63 |
| Saranya | 90 |

**Koottaymma (9 Districts)**

| | |
|---|---|
| KESRU | 188 |
| Job Club | 91 |
| Saranya | 294 |

**B. Discussions were held with the following field officials:**

| | |
|---|---|
| Managers of banks in the service areas | 10 |
| Lead Bank Managers | 3 |
| District Employment Officers | 9 |
| Employment Officers (Self Employment) | 9 |
| Employment Officer (VG) | 3 |
| Employment Officer (EMI) | 1 |
| Town Employment Officers | 3 |
| Rural Employment Officer (TVM) | 1 |
| Director of RUDSETI (Kannur District) | 1 |

**C. Head Quarters**

Hon'ble Minister of Labour and Skills
Principal Secretary, Labour and Skills Department
Director, Employment Department
Joint Director, Employment Department
Deputy Director, (AE & PH)
Divisional Employment Officer (UAS)

We also perused the available documents and literature on the subject and obtained data on the employment exchanges, etc. from the Directorate of Employment. Data through interview schedules were collected by our Field Investigators in Thiruvananthapuram, Kottayam and Kannur. This data was then processed and made into tables. Data on Koottaymma was collected on Voice Recorder and then put on the Computer for listening and recording.

Officials were met with check lists to collect information basic to the study theme. Data obtained from them were analysed manually.

The Report contains an Executive Summary and 8 Chapters as follows. Chapter 1 Introduction, Chapter 2 describes the methodology used in the study. Chapters 3 to 5 describe the findings of the field study and Koottaymma of the three self-employment schemes, Chapter 6 deals with the banks and the beneficiaries, Chapter 7 deals with the sustainability of the schemes and Chapter 8 gives the conclusions and recommendations of the study.

The report reflects the information collected from all the above sources. The main data was used for understanding the problem on hand, viz., Sustainability of the three Self-Employment Programmes run by the Government of Kerala Department of Employment, National Employment Service (Kerala) and supplementary data was used to clarify points and strengthen the premises made in the study.

## A Note on the Koottaymma

Koottaymma is not a focus group and the discussion in Koottaymma is not on focused points. Here the respondent states all that he/she wants to say about the project and the entire audience listens to it. They spontaneously interact and share their experiences but they also have their chance to narrate their views and experiences when other participants will react to them. In the Koottaymma, the respondents (especially from the Saranya group) occasionally became emotional and even gave vent to their feelings through cries and sobs. Each Koottaymma lasted for 3 hours. Every member of the Koottaymma got plenty of time for expressing his/her views and these were recorded on the voice recorder and later put on the computer for listening and recording. We had from the 9 districts altogether 188 beneficiaries from KESRU, 91 beneficiaries from Job Club and 294 beneficiaries from Saranya. All Koottaymma sessions were attended by either the Employment Officer (SE) of concerned districts or by the District Employment Officer himself/herself. One of the sessions (in Palakkad) was attended by the Dy. Director, Employment (TVM) and another by the Manager of the Lead Bank of the District. The Additional District Magistrate (ADM) addressed one session. These gave the beneficiaries special enthusiasm as they were able to ask critical and sometimes embarrassing questions which were long lingering in their minds and to get answers from the horse’s mouth. The addressees happily answered the critical questions to the satisfaction of the questioners.

-------------------------------

# III. KERALA SELF EMPLOYMENT SCHEME FOR THE REGISTERED UNEMPLOYED (KESRU 1999)

## 1. Genesis of Self-Employment Schemes

KESRU 1999 is one of the 3 self-employment programmes of the State under the National Employment Services (Kerala). It is administered by the Department of Employment through the 14 District Employment Exchanges. It is the successor of the Kerala Unemployment Assistance and Self-Employment Scheme of the Government of Kerala introduced in 1982. This scheme had two components (1) unemployment assistance and (2) self-employment assistance.

Unemployment assistance was given to those who passed SSLC Examination and who were having a family income of less than Rs.40,000 per annum. The applicant should have registered with an employment exchange in the state and should have been on its rolls for the past 3 years. The age limit was between 18 and 35. The monthly stipend was Rs.40. This part of the programme still continues with periodical increase in the monthly stipend, now raised to Rs.120/-

The new self-employment scheme was intended for those who wanted to take up some employment on his/her own. The family income for becoming eligible for this benefit was Rs.40,000 per year and the age limit was 18 to 40. The minimum SSLC qualification required for the first scheme was deleted for self-employment scheme and the upper age limit was 40 years for this scheme unlike the unemployment assistance scheme which was 35 years. Other rules were the same as for unemployment assistance. The selected beneficiary was paid lump sum assistance of Rs.600/- at the initial stage itself. The amount was to be deposited in the approved bank as seed money and the bank will advance a loan of Rs.5000. There was provision for additional financial assistance after the commencement of the programme if the beneficiary was in need of it to continue or expand the project. The beneficiary was also entitled to a bank loan of Rs.5,000/- at a differential interest rate of 4% to such of those beneficiaries whose family income does not exceed Rs.3,500 per year. For those exceeding this income, the normal rate charged by the lending bank will apply. In this scheme there is room for beneficiaries to join together and form partnership firms. In such case each member was entitled to get seed money and bank loan as above. There was also provision for supplementary loan for meeting contingency situations. The

Self Employment Officer in the District Employment Exchange and the concerned bank were the controlling officers of such schemes.

In 1995, the unemployment assistance part of the scheme of 1982 was transferred to the local self-governments.

## 2. KESRU 1999

In 1999, by GO 40/99 dated 30.3.1999, the self-employment part of the 1982 scheme was transformed into the Kerala State Self-Employment Scheme for the Registered Unemployed - 1999 (KESRU-1999). KESRU 1999 is a drastically modified form of the Self-employment part of Kerala Unemployment Assistance and Self-Employment Scheme of 1982.

The eligible applicant was to be between the ages 21 and 50 (with usual relaxation for SC/ST) and with a family income of less than Rs.40, 000/- per annum. (Earlier a personal income limit of below Rs.500/- pm was also required but this has been now removed). Those with technical qualification and above 25 years were given preference. The maximum amount of loan that could be availed from a Bank was Rs.1 lakh (including a government subsidy of 20%). The 20% govt. subsidy, called seed money, was back-ended which means that the subsidy will be given only after full repayment of the bank loan has been effected.(In the original 1982 scheme, an interest subsidy of up to 4% was provided for interests above 5%. This provision has been discontinued and the beneficiary has now to pay full interest on the 80% bank loan. Like in the case of the old Unemployment Assistance Scheme, KESRU also permits more than one person to join together and execute their activity jointly as a team and each partner is entitled to get a maximum of Rs.1 lakh with the usual permissible subsidy.

**Application procedure**

Applications are accepted throughout the year and when a reasonable number of applications has been received, they will be scrutinised by the Employment Officer (SE) and placed before District Level Bankers' Committee consisting of the District Panchayat President as Chairperson, representatives from Industries, Revenue and Agriculture Departments, Block Panchayats and Gram Panchayats of the District as members and the Employment Officer (SE) as Member Secretary. This committee again scrutinises the applications for their feasibility, suitability and viability and recommends selected applications to the service banks.

The banks receiving the applications can accept or reject them according to their appraisal on their viability. The decision on the disposal of the applications has to be conveyed by the bank to the applicants and to the DEO. Applications which are disapproved by the bank will have to be returned to the Employment Officer giving reasons for rejection. In the case of approved applications, the lending banks will inform the DEO about the amount sanctioned to each applicant and the interest rates thereon. Thereafter, the DEO will send to the bank the 20% subsidy due to the applicant. This is to be deposited as seed money in the beneficiary's account. If the beneficiary defaults the payment of loan instalment (which is higher than the subsidy), this will be reported by the bank to the DEO and after appropriate notices and warnings, revenue recovery proceedings will be taken against the defaulter.

*The banks are free to enforce their rules on the borrower and neither the latter nor the Employment Department has any right to challenge the bank's action.*

A list of beneficiaries under the KESRU Scheme that are in operation since 2008 is given in Table 1.

It will be seen that no steady pattern is visible either over the different years or among the different districts about the performance of the different districts on KESRU scheme. There is variation from district to district and from year to year in the same districts. Even so, some inferences can be drawn on the basis of figures in the table. Malappuram District stands first among the districts that have sent out the largest number of beneficiaries (521), followed by Kollam (469) and Alappuzha (407). One cannot underrate the strenuous work done by the Self Employment Officers in these districts for these outstanding achievements. The district with the lowest performance is Wayanad (142). Understandably, Wayanad is a tribal district with smaller population and with a backward industrial base.

**Table 1. KESRU Scheme – District wise data of beneficiaries**

| District Employment Exchange | Total number of beneficiaries | | | | | | Total |
|---|---|---|---|---|---|---|---|
| | 2008-2009 | 2009-2010 | 2010-2011 | 2011-2012 | 2012-2013 | 2013-2014 | 2008-2014 |
| Thiruvananthapuram | 49 | 51 | 44 | 42 | 46 | 27 | 259 |
| Kollam | 57 | 84 | 100 | 83 | 82 | 63 | 469 |
| Pathanamthitta | 14 | 14 | 50 | 27 | 35 | 43 | 183 |
| Alappuzha | 102 | 50 | 65 | 40 | 75 | 75 | 407 |
| Kottayam | 78 | 71 | 70 | 35 | 76 | 55 | 385 |
| Idukki | 60 | 52 | 45 | 27 | 45 | 33 | 262 |
| Ernakulam | 65 | 81 | 38 | 27 | 38 | 54 | 303 |
| Thrissur | 59 | 55 | 51 | 70 | 71 | 53 | 359 |
| Palakkad | 52 | 46 | 40 | 27 | 34 | 50 | 249 |
| Malappuram | 79 | 103 | 126 | 72 | 74 | 67 | 521 |
| Kozhikode | 67 | 23 | 23 | 16 | 32 | 14 | 175 |
| Wayanad | 68 | 12 | 15 | 18 | 19 | 10 | 142 |
| Kannur | 46 | 40 | 56 | 30 | 32 | 24 | 228 |
| Kasaragod | 43 | 54 | 44 | 22 | 17 | 10 | 190 |
| **Total** | **839** | **736** | **767** | **536** | **676** | **578** | **4132** |

Data supplied by the Dept. of Employment, Govt. of Kerala

Other than the special interest shown by some of the EOs (SE), three inferences can be drawn for the inter-district and inter temporal variations and these are generally endorsed by the District Employment Officers (DEOs) and Self Employment Officers. One, of course, is the budget crunch. Government allotment for KESRU scheme for different years varied due to yearly changes in the budget allotment. Naturally when the budget is less, the number of projects that could be sanctioned will also be less (Column totals). Another reason is the lack of acceptable proposals, i.e. Lack of good entrepreneurs. (Row totals). Hence, even when a large number of proposals are received, there may be cuts. The cuts are of two types – those made by the Selection Committee and those made by the Banks. A third is the inadequacy of publicity given to the scheme. Unlike Saranya for which applications are invited only during fixed periods and for which wide publicity is given through the media and other agencies at that time, KESRU (and Job Club) applications are an all-season process and so media publicity is not generally given. Publicity through the notice boards of various government offices including those of DEOs does not seem to catch the eye of the potential and prospective entrepreneur in many districts and their tempo also varied from district to district. Here, the work of individual Employment Officers in the higher performance of certain districts in some years seems to be an outstanding factor.

## 3. Results of the field study

In this Section we give the results of a field study conducted on the beneficiaries of the KESRU scheme. The field study was spread over three districts of Kerala, viz; Thiruvananthapuram, Kottayam and Kannur. The Investigator visited the KESRU beneficiary at his/her project site which enabled him (Investigator) to find out the up-to-date status of the project while at the same time getting answers to our research questions. From each of the three districts we selected 30 KESRU beneficiaries who were currently receiving bank loans and whose units were in operation. In addition, we also selected 17 beneficiaries who had completed their projects (i.e., the period of 5 years which is the time fixed for repayment of the Bank loan). Actually, we had planned to meet 30 of them but only 17 were available. Some of them had wound up their enterprises and left the place for good and some others ceased working on the KESRU project.

In Section 5 of this chapter we have also given the outcome of our interaction with some of the beneficiaries of KESRU who were invited for a Koottaymma. There, we give the beneficiaries' valuable experiences and frank feelings about the Scheme ventilated at the Koottaymma.

We shall first describe the findings of our field study.

**Sex distribution**

The scheme is intended for both sexes who qualify under the norms fixed by the government (see section I). Out of the 107 beneficiaries whom our Investigator met, (90 from among the active beneficiaries and17 who were in the business earlier) 57 (53%) were men and 50 (47%) were women. In the total population of KESRU beneficiaries also the gender was skewed in favour of men. There is nothing discriminatory about this; being a venturesome enterprise, more men than women will come forward to bear the risk involved in undertaking a new activity.

**Age**

The age distribution of our respondents is given in Table 2. The two segments in the sample, viz between ages 35 to 45, constitute 56% of the whole beneficiaries of the KESRU respondents. The next age group 45 – 50 also is significant with 21%. Those in the age group above 50 constitute only 4% of beneficiaries and those below 30 also constitute only 8%. The maximum age prescribed for the beneficiaries for applying for the scheme is 50. Two of the above-fifty beneficiaries were below 50 at the time of getting the project and 2 others were those who had completed the KESRU term of 5 years. It is interesting to note that **the largest number of persons who have come forward to avail the scheme are from the ages between 35 and 45**. Probably this indicates that they are more in need than other groups and, in that sense, the programme has hit the right clientele. One reason for the small number among the 35 minus group seems to be that they are still looking forward to tenure jobs and do not want to be tied down at this age to a self-employment programme for the next 5 years.

**Table 2 – Age of the respondents**

| **Age** | **Frequency** | **Percentage** |
|---|---:|---:|
| Below 30 | 8 | 8 |
| 30-35 | 12 | 11 |
| 35-40 | 26 | 24 |
| 40-45 | 34 | 32 |
| 45-50 | 23 | 21 |
| Above 50 | 4 | 4 |
| **Total** | **107** | **100** |

## Education

29 % of beneficiaries had education SSLC or below. 39% had completed Plus Two. 25% were graduates and 7% had attained technical qualification – National Trade Certificate (NTC), National Apprentice Certificate (NAC), polytechnic/vocational training of various sorts. The break up details is presented in table 3.

**Table 3– Education of the respondents**

| **Education** | **Frequency** | **Percentage** |
|---|---|---|
| SSLC and below | 31 | 29 |
| Plus 2 | 41 | 39 |
| Graduation | 27 | 25 |
| Other Technical/vocational training, NTC, NAC, etc. | 8 | 7 |
| **Total** | **107** | **100** |

## Previous experience

This relates to previous work in or exposure to the area of the applicant's chosen trade such as cattle/goat/fish farming, tailoring, food manufacturing, IT based work, and the like. We found (Table not given) that only 42% of the beneficiaries had some previous experience in their chosen field. The majority (58%) had no previous exposure or experience.

## Marital Status

It will be seen in Table 4 that 79% beneficiaries are married. 13% are unmarried and 8% comes under "others" category. The question on marriage and the subsequent 3 questions related to it are relevant because we have asked another two questions whether their spouse is supportive of their venture and whether they receive help from spouse

**Table 4 – Marital Status of the respondents**

| Marital Status | Frequency | Percentage |
|---|---|---|
| 1. Unmarried | 14 | 13 |
| 2. Married | 85 | 79 |
| 3. Others (Not stated) | 8 | 8 |
| **Total** | **107** | **100** |

**Age of spouse**

As shown in table 5, the age of spouse of the largest group of beneficiaries (35%), is 30 – 40 closely followed by the group above 40 (30%). The third largest group (14%) of wives belongs to the age group below 30. Another 13% respondents were unmarried. The group “others” did not want to reveal their marital status.

**Table 5 – Age of spouse of the respondents**

| Age of spouse | Frequency | Percentage |
|---|---:|---:|
| Not applicable (Unmarried) | 14 | 13 |
| Below 30 | 15 | 14 |
| 30 – 40 | 38 | 35 |
| Above 40 | 32 | 30 |
| Others (Not stated) | 8 | 8 |
| **Total** | **107** | **100** |

**Education of spouse**

The spouses of 53 % of beneficiaries were SSLC or below. 18% of respondents had spouses who have completed Plus 2. 8% respondents have graduate spouses. Of the remaining 21% cases, 13% were unmarried and the rest did not directly answer the question. Category-wise break up details are presented in table 6 below.

**Table 6 – Education of spouse of the respondents**

| **Education of spouse** | **Frequency** | **Percentage** |
|---|---:|---:|
| SSLC and below | 57 | 53 |
| Plus 2 | 19 | 18 |
| Graduation | 9 | 8 |
| Not applicable /available | 22 | 21 |
| **Total** | **107** | **100** |

**Employment of spouse**

As shown in table 7, 43% spouses of the beneficiaries of the project are employed. The spouses of 35 % of beneficiaries are unemployed. The details of 22% are not available as the respondents were either unmarried or did not want to disclose the required information.

**Table 7 – Employment of spouse of the respondents**

| **Employment of spouse** | **Frequency** | **Percentage** |
|---|---:|---:|
| Not employed | 37 | 35 |
| Employed | 46 | 43 |
| No answer /Not applicable | 24 | 22 |
| **Total** | **107** | **100** |

**Headship of family**

This is a critical question for the study because in most cases some security – land or building – was asked by the bank. Headship carries some sign of ownership of the family property and so it could be assumed that the respondent will have smooth way of dealing with the bank. In 31% cases (Table not given), the families are headed by the beneficiaries themselves. The heads of the families of 69% beneficiaries are others. In many cases it was the husband or father. Those who said they were head of the family were all men except 3 who were women.

**Total annual family income before KESRU**

This is a tricky question as the rule for qualifying for KESRU says that the family income should not exceed Rs.40,000 per year (at the time of the survey; now it has been raised to Rs.50,000). Our table shows that 88% of the respondents stated that their family income was Rs.40,000. However, this does not seem to be true because with Rs.146 per day an average family of 4 cannot lead even a hand-to-mouth existence. There is reason to believe that the income certificates on annual family income produced by the applicants may not be factual. When we asked about this, some of them said that the competent authority put the same question to them – "How can your family survive on Rs.3300/- per month?". Table 7 indicates that 43% of the spouses of the respondents were employed and Table 9 indicates that 56% of the respondents themselves were employed full time. This shows that most of the families had higher than stated incomes. The respondents defended their statement on several plausible grounds, mainly interpretation of what is income.

**Table 8 – Total annual family income before KESRU**

| **Income** | **Frequency** | **Percentage** |
|---|---:|---:|
| 1. Rs. 40,000 and below | 94 | 88 |
| 2. Above Rs.40,000 | 13 | 12 |
| **Total** | **107** | **100** |

Note: Rs.40, 000 was the cut off point for eligibility at the time of the survey.

**Your Employment before KESRU**

As shown in the table, majority of beneficiaries (56%) were fully employed before KESRU. Second comes 23% of beneficiaries who were employed part time. 21% did not have any employment or meaningful occupation; these were all women. (Work under NREGS, rubber tapping etc. and even running pan shop were treated by the respondents as part-time work)

**Table 9 – Employment of the respondents before KESRU**

| Employment before KESRU | Frequency | Percentage |
|---|---|---|
| 1. Employed full -time | 60 | 56 |
| 2. Employed part- time | 25 | 23 |
| 3. Not employed | 22 | 21 |
| **Total** | **107** | **100** |

**Your income before KESRU**

The income of 77% of the beneficiaries was stated to be below Rs 500/ per month. However, 6% stated that their income is above Rs.500 per month. The income details of the remaining 17% beneficiaries are not available. Probably they refrained from answering this question since they thought that if they give any higher income that will be against the amount given in the application where eligible income was below Rs.6000 per year. By keeping quiet on this question, they thought they could play safe.

**Table 10 – Income before KESRU**

| Income before KESRU | Frequency | Percentage |
|---|---|---|
| 1. Below Rs 500/month | 82 | 77 |
| 2. Above Rs 500/month | 7 | 6 |
| 3. Not stated | 18 | 17 |
| **Total** | **107** | **100** |

**Date of registration with Employment Exchange**

The table shows that majority of beneficiaries (73%) had registered with the employment exchange 4 or more years ago. Then comes 9% of beneficiaries who had registered between 2 to 3 years ago. 2% beneficiaries have registered only last year. 16% beneficiaries do not remember the exact date of registration but they are sure that it is more than 10 years ago as they had made at least 4 renewals of their registration. Some indeed stated that their registration is at least 20 years old. (Rules require that the unemployed should renew their registration every three years).

**Table 11 – Date of registration with Employment Exchange**

| **Date** | **Frequency** | **Percentage** |
|---|---|---|
| 1. This year | 0 | 0 |
| 2. Last year | 2 | 2 |
| 3. 2 to 3 years ago | 10 | 9 |
| 4. 4 or more years ago | 78 | 73 |
| 5. Do not remember | 17 | 16 |
| **Total** | **107** | **100** |

**Note:** We had given a choice whether the respondent registered only this year to find out whether they applied just to avail of the KESRU scheme which requires prior registration with an Employment Exchange. However, no respondent picked up this choice

Several important facts emerge out of the table. One is that there has been a long wait on the part of the vast majority of the respondents for getting a job under the unemployment registration scheme. The second was that many of them pinned their hope on getting an employment under EE Registration scheme and continued to renew their registration/re-registration several times in the hope that they will one day be lucky in getting an employment through the EE. A third, of course, is the fact that they considered this (KESRU) scheme as a better alternative than the jobs they were currently having. It has to be reiterated that the men who applied for the scheme were NOT totally unemployed. No one can remain totally unemployed for a long time, with the exception of housewives. The so- called “unemployed” men were certainly having some job which they considered as below their qualification. They felt they were qualified for a better job and considered themselves as currently “underemployed”.

**From whom did you know about the project?**

The largest group of beneficiaries, i.e., 43%, knew about the scheme from Employment Exchange. 32% beneficiaries knew about it from the media, 19% knew from friends and 6% knew about it from others.

**Table 12 – From whom did you know about the Scheme?**

| Knowledge about the Scheme | Frequency | Percentage |
|---|---|---|
| From Employment Exchange | 46 | 43 |
| From media | 34 | 32 |
| From friends | 20 | 19 |
| From others | 7 | 6 |
| **Total** | **107** | **100** |

**Who prepared the project for you?**

Since many of the schemes proposed by the applicants under KESRU envisage some professional approach to the task on hand, the proposal to be attached with the KESRU application expects some professional touch in the attached application and some professional experience in the chosen trade. This means that there should be a well-thought-out project which involves a feasibility study, structure and process of the work, physical requirements, infrastructure, and availability of raw materials and disposal of the outputs. This is desirable even in an apparently non-technical job like cow or goat rearing.

Now let us look at the actual situation. The projects of the majority of respondents 90 (84%) were self-prepared. It has to be stated that many members of this group had been running the same project on a small scale. Hence once cannot brand them as novices. Many were doing allied or attached kind of work. 8% of the project report were prepared by friends, 5 % were prepared by amateur professionals. Only 3 % of the respondents gave it to pucca professional agencies. However**, we have found that the failure of many of the schemes was due to improper or inadequate planning and consequent inept execution which was due to inadequate experience in or exposure to the selected trade.**

**Table 13 – Who prepared the Project?**

| **Project prepared by whom?** | **Frequency** | **Percentage** |
|---|---:|---:|
| 1. Self | 90 | 84 |
| 2. Friends | 9 | 8 |
| 3. Collaborators | 5 | 5 |
| 4. Professional Agency | 3 | 3 |
| **Total** | **107** | **100** |

**Experience in running the project**

This is related to the previous Table. The respondents were asked whether they had done this job before or were in some way attached to such work in the past directly or indirectly. Table 14 shows that 29% of beneficiaries have previous experience in running the project. In fact some were actually engaged in the same work and they wanted to expand the same with KESRU support. 33% have some experience. Here again, some had discontinued their earlier work due to changed circumstances, e.g. a tailor girl getting married and finding the husband's place of residence unsuited for the work. This applies to many persons who had to change their place of residence. However, 38% have no previous experience in the project chosen by them.

**Any training for running the project?**

The KESRU application form states that those who have training in the field ( like National Trade Certificate, National Apprentice Certificate, etc.) will have preference in selection. We had this in mind when this question was asked and we explained to the respondent accordingly. It was assumed that such training will add to their entrepreneurial skills.

**Table 14 – Experience in running similar schemes**

| Experience | Frequency | Percentage |
|---|---|---|
| 1. Good experience | 31 | 29 |
| 2. Some experience | 35 | 33 |
| 3. No experience | 41 | 38 |
| **Total** | **107** | **100** |

Majority of the beneficiaries, (67%), have received no specific training for running the project. The other 33% has received some training but not necessarily in the trade of their choice but in some general field.

## Ownership of the premise

Ownership of a premise is very important in running a project. For one thing, good location is important, for another, reasonable rent is important and a third is elimination of possible threat of eviction or demand of periodical revision of rent. (We had mention of all these at the Koottaymma session). Many prospective entrepreneurs would have initially thought about a project which can be located in their own premises. In our study we found that the location of the project of 56% of the beneficiaries was in their own premises. The establishments of 11% beneficiaries were located in their kin's property which enabled many concessions on rent payment. 33% of the enterprises were in rented premises.

**Table15 – Ownership of the premise**

| Ownership of the premise | Frequency | Percentage |
|---|---|---|
| 1. Own | 60 | 56 |
| 2. Kin's | 12 | 11 |
| 4. Rented | 35 | 33 |
| **Total** | **107** | **100** |

## Monthly Rent

The monthly rent given by7% beneficiaries is below Rs.1500. 11% of the beneficiaries pay rent between Rs. 1500 and Rs. 3000 and another 12% pay between Rs. 3000 and Rs.5000. 2 persons pay Rs. 6000 each. 68% respondents do not pay any rent.

**Table 16 – Monthly Rent**

| Monthly Rent | Frequency | Percentage |
|---|---|---|
| 1. Below Rs 1500 | 8 | 7 |
| 2. Rs 1500 – Rs 3000 | 12 | 11 |
| 3. Rs 3000 – Rs 5000 | 13 | 12 |
| 4. Above Rs 5000 | 2 | 2 |
| 5. Not Applicable | 72 | 68 |
| **Total** | **107** | **100** |

## Time Taken by Bank to issue loan

There is an elaborate process in the acceptance of a beneficiary by the bank after his/her application is sent by the District Employment Office to the bank in the service area of the applicant. The bank has three options in this regard – 1. Accept the application *in toto*. 2. Accept with modification of the project, i.e., cut in the amount of loan approved by the District Selection Committee (DSC), and 3. Outright rejection and return to the DEO. While the bank rarely accepts the first choice and frequently resorts to the third alternative, the general method is to reduce the amount sanctioned by the DSC. In between the receipt by the bank and its acceptance, it was found from our pilot study that the bank puts a number of hurdles for sanction and this may take several months to clear. Hence this question was asked. The question asks only for the time for the client to get the loan from the bank after he was notified by the DEO that his application was sent to the bank with endorsement.

Table 17 shows that 13% beneficiaries got acceptance from the bank for the project within 3 months; in the case of 68% the time taken was from 3 to 6 months. In 8% cases it took up to 9 months and in 6% cases it went up to one year. In 5% cases, the beneficiaries could get the loan only after a wait of more than 12 months. (We did not interview the applicants whose applications were rejected by the Banks).

**Table 17 – Time taken by bank to issue the loan**

| **Time taken by Bank** | **Frequency** | **Percentage** |
|---|---:|---:|
| Within 3 months after receipt | 14 | 13 |
| 3 - 6 months after receipt | 73 | 68 |
| 6 - 9 months after receipt | 9 | 8 |
| 9 -12 months after receipt | 6 | 6 |
| More than one year | 5 | 5 |
| **Total** | **107** | **100** |

**Date of commencement of the project**

Table 18 shows that 5% respondents started the project 6 months ago. 11% started it one year ago, 26% began it within the last 2 years and 21% started it within the last 3 and another 21% started it more than 3 years ago. 16% have completed the project (5 year period).

**Amount applied for**

As shown in table 19, 61% beneficiaries applied for the full permissible amount of Rs 100,000. (Some of them applied for even more). Those who applied for amounts between Rs.80,000 and one lakh constituted 15%. 7% applied for loans between Rs.50,000 and 80,000. The percentage of respondents applying for loans between of Rs. 30,000 to Rs 50,000 comes to 11. The lowest amount of less than Rs.30,000 was applied for by 6%.

**Table 18 – Date of commencement of the project**

| Date of commencement | Frequency | Percentage |
|---|---|---|
| Within last 6 months | 6 | 5 |
| Within last one year | 12 | 11 |
| Within the last two years | 28 | 26 |
| Within the last 3 years | 22 | 21 |
| More than 3 years ago | 22 | 21 |
| Project completed | 18 | 16 |
| **Total** | **107** | **100** |

**Amount actually received**

Here, a clarification is necessary. The actual amount to be issued is decided by the Bank in the service area of the respondent to which his/her application is forwarded with the District Selection Committee's recommendation. It is not necessary that the committee would sanction the whole amount requested by the applicant. It can prune the amount if it feels that the requested amount is not needed for the project. When it reaches the bank, the bank also prunes the budget at its discretion and this happens in the majority of cases.

The table has to be examined in this context and it represents the amount finally approved by the bank. Table 20 shows that 48% respondents received Rs 100,000. 18% of beneficiaries received amounts between Rs 100,000 to Rs80,000. Next comes 19% beneficiaries who received amounts between Rs.50.000 and 80,000. 6 % received the between Rs.30,000 and 50,000 and 9% received less than Rs.30,000.

**Table 19 – Amount applied for**

| **Amount applied for** | **Frequency** | **Percentage** |
|---|---:|---:|
| Rs 100,000 or more | 64 | 60 |
| Between Rs 100,000- Rs 80,000 | 16 | 15 |
| Between Rs 50,000 – Rs 80,000 | 8 | 7 |
| Between Rs 30,000 – Rs 50,000 | 12 | 11 |
| Less than Rs 30,000 | 7 | 7 |
| **Total** | **107** | **100** |

**Profit last year**

Table 21 shows that the annual profit of 23% beneficiaries last year was Rs 25,000 and above. 34% received a profit between Rs 15,000 and Rs 25,000. 30% have profit between Rs 5,000 and 15,000. 8% received little (less than Rs.5,000) or no profit while 5% were running the business at a loss.

**Table 20 – Amount received**

| **Amount received Rupees** | **Frequency** | **Percentage** |
|---|---:|---:|
| 100,000 | 51 | 48 |
| 100,000 –80,000 | 19 | 18 |
| 50,000 - 80,000 | 21 | 19 |
| 30,000 –50,000 | 6 | 6 |
| Less than 30,000 | 10 | 9 |
| **Total** | **107** | **100** |

**Table 21 – Profit per annum last year**

| **Profit last year Rupees** | **Frequency** | **Percentage** |
|---|---|---|
| 25,000 and above | 24 | 23 |
| Between 15,000 and 25,000 | 36 | 34 |
| Between 5,000 &15,000 | 32 | 30 |
| Little or no profit | 9 | 8 |
| Loss | 6 | 5 |
| **Total** | **107** | **100** |

**Expectation for this year**

As shown in Table 22, 29%, beneficiaries expect an increased profit this year. 45% expect more or less the same profit this year while 26% expect a lower than last year's profit for the current year.

**Table 22 - Expectation for this year**

| **Expectation for this year** | **Frequency** | **Percentage** |
|---|---|---|
| 1. More | 31 | 29 |
| 2. Same | 48 | 45 |
| 3. Less | 28 | 26 |
| **Total** | **107** | **100** |

**Relationship with the Bank**

As mentioned earlier, we found that the customer relationship of all banks vis-à-vis the self-employment loanseekers were not as desirable as it should be. Certainly it is not helpful for the success of the self-employment schemes (both KESRU and Job Club). Hence we asked a few questions to our respondents relating to their experiences with the banks and their opinion on it

**Nature of security given to bank**

The luckiest respondents who did not have to offer major forms of security constituted 23%. Those who had to pledge documents on ownership of land and building formed 14%. Rent receipts and other similar documents were required from 15% while collateral security was asked of 12% of the borrowers. The worst form of harassment by the bank was to ask for a number of other documents – encumbrance certificate, original title deed, hypothecation document on the property/building, certificates from pollution control board, DFO's office, Food Safety Controller, electricity and water connection certificates and a host of apparently unnecessary documents – listed under the category "Others" which together constituted 36%. It has to be pointed out that in many cases these were in addition to some of the above certificates (2 to 4 in Table 23).

**Do you regularly examine the entries in the pass book?**

A majority of 70% beneficiaries regularly examine their passbook .19% are doing it occasionally and the remaining 11% do it mostly irregularly. (Please see Table 24)

**Table 23 – Nature of security given to bank**

| **Nature of security** | **Frequency** | **Percentage** |
|---|---|---|
| 1. No security | 25 | 23 |
| 2.Property : land/ building etc. | 15 | 14 |
| 3. Rent receipt | 16 | 15 |
| 4. Collateral | 13 | 12 |
| 5. Other | 38 | 36 |
| **Total** | **107** | **100** |

**Table 24 – Examining the entries in the Pass Book**

| Examining the pass book | Frequency | Percentage |
|---|---|---|
| Regularly | 75 | 70 |
| Occasionally | 20 | 19 |
| Mostly irregularly | 12 | 11 |
| **Total** | **107** | **100** |

**Regularity in paying instalment of loan to bank**

As shown in Table 25, 70% the beneficiaries pay the instalments regularly. 19% makes occasional defaults while 11% are habitual defaulters.

**Table 25 – Regularity in paying instalment of loan to bank**

| Regularity in paying instalments | Frequency | Percentage |
|---|---|---|
| Regular | 75 | 70 |
| Occasionally irregular | 20 | 19 |
| Mostly irregular | 12 | 11 |
| **Total** | **107** | **100** |

There seems to be a close relationship between this and the previous tables on frequency distribution. Those who do not check the Passbook regularly are also the defaulters and habitual defaulters because they do not know the nature of the subsidy and the interest charged. They have little knowledge about the rate of interest charged by the bank and various entries made in the Passbook by the Bank. These respondents gave us the feeling that late payment of instalments or default of instalments would not invite penal interest. The next table gives credence to this inference

### Knowledge about nature of the 20% subsidy

We asked the respondents about whether the government subsidy of 20% of the bank loan is front- ended or back-ended. To begin with, some of the respondents did not know what the terms mean. Those who were familiar with the term were not sure whether the subsidy is front ended or back ended. They did not verify their Passbooks to find out whether the subsidy is properly entered and accounted for. Among our respondents, 59% think the government subsidy of 20% is front ended. 10% believes it is back end and 31% don't know about the nature of the government subsidy. Those who voiced their opinion either way actually did not know what it means and how it applies to the interest charged by the bank on their loan. Even those who knew that the loan is back-ended did not know the actual implications of the term in terms of its application by the bank. Actually, the Government subsidy is back-ended. Some beneficiaries only think that the loan has a lot of freebies and hence they applied for it.

**Table 26 – Knowledge about nature of the subsidy**

| **Knowledge about nature of subsidy** | **Frequency** | **Percentage** |
|---|---:|---:|
| I think it is front end | 63 | 59 |
| I think it is back end | 11 | 10 |
| Don't know | 33 | 31 |
| **Total** | **107** | **100** |

### Experience with the bank

The table shows that the attitude of the banks towards majority of the beneficiaries (64%) was negative. 27 % beneficiaries felt that they experienced long delay in getting their application processed before the loan was released. 22% felt that the Bank's attitude in granting the loan was rather negative; banks tried to avoid giving loans. 15% felt that the bank was definitely hostile to them. Only 36% said the bank's attitude towards them was cooperative.

**Table 27 – Experience with the bank**

| Experience with the bank | Frequency | Percentage |
|---|---|---|
| Cooperative | 38 | 36 |
| Long delay in processing | 29 | 27 |
| Negative attitude towards clients | 24 | 22 |
| Hostile attitude | 16 | 15 |
| **Total** | **107** | **100** |

### Financial improvement after running the project

A majority (68%) of the respondents improved their financial position after taking up the KESRU Project. 25% beneficiaries did not improve their financial position. 7% found that their enterprises were running at a loss.

**Table 28 – Financial improvement after running the project**

| Financial improvement | Frequency | Percentage |
|---|---|---|
| Yes | 73 | 68 |
| No | 27 | 25 |
| Loss | 7 | 7 |
| **Total** | **107** | **100** |

### Increase in status

An important objective of the government in giving loans and subsidies for self-employment was to empower beneficiaries economically and socially (in terms of improvement in their social position). The respondents are assumed to achieve this by the skilful management of their enterprises and by making financial gains out of it.

To find out whether they have improved their financial and social conditions out of the scheme, we requested them to tell us if their status has improved in three spheres – family, friends and community. The responses show that their status in all these areas has improved considerably.

a) In the Family

Table 29 shows the responses relating to status improvement in the family.

47% of the beneficiaries said that their status in the family had increased to a great extent and 16% said that there was some improvement in their status in the family. The other 37% beneficiaries did not experience any increase in status in their family after taking up the KESRU Project..

**Table 29 – Increase in status in Family**

| **In the Family** | **Frequency** | **Percentage** |
|---|---|---|
| Yes, to a great extent | 50 | 47 |
| Yes,  to some extent | 17 | 16 |
| No increase in status | 40 | 37 |
| **Total** | **107** | **100** |

b) Among Friends

As shown in the Table 30, 50% beneficiaries said that their status with their friends had increased to a great extent while 16% said that increase in status was only to some extent. 34% said that they felt no increase in their status.

**Table 30 – Increase in status among Friends**

| **Among Friends** | **Frequency** | **Percentage** |
|---|---|---|
| Yes, to a great extent | 54 | 50 |
| Yes, to some extent | 17 | 16 |
| No increase in status | 36 | 34 |
| **Total** | **107** | **100** |

c) In the Community

Table 31 shows that 53% beneficiaries said that their status in the community had increased to a great extent and 26% said that it has increased to some extent. 21% beneficiaries felt no improvement in their status in the community.

**Table 31 – Increase in status in Community**

| **In the Community** | **Frequency** | **Percentage** |
|---|---:|---:|
| 1. Yes, to a great extent | 57 | 53 |
| 2. Yes, to some extent | 28 | 26 |
| 3. No increase in status | 22 | 21 |
| **Total** | **107** | **100** |

**Feeling of empowerment now**

As shown in table 32 a majority (64%) of the beneficiaries said that to a great extent they have a feeling of empowerment while 19% felt that it is only to some extent that they have this feeling. The remaining 17% said that they do not have such feeling of empowerment after taking up the scheme.

**Table 32 – Feelings of empowerment**

| **Feeling of empowerment** | **Frequency** | **Percentage** |
|---|---:|---:|
| To a great extent | 68 | 64 |
| To Some extent | 20 | 19 |
| No such feeling | 19 | 17 |
| **Total** | **107** | **100** |

### Knowledge about other KESRU beneficiaries

Only 30 (28%) of the beneficiaries know of others who have taken up projects under KESRU scheme.

### Your feeling about their success

Out of the 30 respondents who said they knew about other people who are running KESRU projects, 67% said that they think these KESRU projects are running well while the other 33 did not have such favourable opinion.

### Would you recommend KESRU to others?

The same response was made to this question. Those who felt that the other KESRU projects were not running well naturally said that they will not recommend.

### Your opinion about the KESRU project

Our final question was on the overall opinion of the respondents on the KESRU project in general, after taking into account his/her experience with the working of his/her scheme as well as of others. We told them that the question is not specifically directed to the project that the respondent is currently working on but on KESRU scheme in general. To be sure, we knew that his/her experience with his own scheme will weigh largely in his mind when he gives this opinion.

Table 33 shows that 41% of beneficiaries strongly support the project and 49% beneficiaries just support the project. The remaining 10% do not support the project. The details are presented below.

**Table 33 – Opinion about the project**

| Opinion about the project | Frequency | Percentage |
|---|---:|---:|
| Strongly support | 44 | 41 |
| Support | 52 | 49 |
| No support | 11 | 10 |
| **Total** | **107** | **100** |

### Suggestions from the respondents

Our final question to the respondents was: Do you have any suggestions for making KESRU more client-friendly? Are there any parts in KESRU scheme that should be modified? Please elaborate. The responses to this question were numerous and varied because the beneficiaries had different ideas and experiences about their individual schemes in particular and about the KESRU scheme in general. Since these have some commonalities with those expressed by the KESRU beneficiaries at the Koottaymma, these are merged with the Koottaymma suggestions to avoid repetition. (Please see under Koottaymma)

## 4. Summary of field findings.

Out of the 107 beneficiaries interviewed by our team, 53% were men and 47% were women. Their modal age was 40-45 (32%) followed by the age group 35-40 (24%). The largest group of beneficiaries (39%) had Plus Two education, the next group (29%) had SSLC and below. 79% were married and the education of the majority of the spouses (53%) was SSLC and below. 43% spouses were employed.

56% of the beneficiaries were fully employed and 23% were employed part-time while applying for the scheme. Only 21% were unemployed. 73% beneficiaries were registered with the employment Exchange for over 4 years. 84% of our respondents prepared their projects themselves and only 3% approached any professional agency for preparing their projects. 38% did not have any previous experience in their present business. 56% ran their business in their own premises but 33% operated it from rented buildings.

Only 13% got the bank loan within 3 months of application, the largest number (68%) got it within 6 months and for 5% it took more than one year to get the loan from Bank.

48% received the whole amount of Rs. One lakh which they applied. 23% received profits of Rs.25,000 and above while for some others it was either no profit (8%) or loss (5%). 45% think that the present state of affairs will continue for another year.

23% received their bank loan without any major security whereas 14% had to pledge land or building to the bank to get the loan. 36% reported helpful behaviour of the bank while 22% felt it was not so helpful and 15% felt it was hostile. Only 70% beneficiaries were regular in paying the loan instalment while 11% were most of the time irregular.

Knowledge about the nature of the government subsidy was poor. 59% thought it was a front ended subsidy whereas it was back ended. 31% only knew that there was a 20%

subsidy on the loan and did not bother to find out whether it was front- or back- ended. There was financial improvement from the scheme for 68% beneficiaries while there was loss for 7% of the beneficiaries.

However, the respondent felt that working with the scheme increased his/her status in the family (63%), among friends (66%) and in the community (79%) (to a great extent + to some extent). Another social gain from the scheme was in terms of feeling empowered. 64% respondents felt that they now feel empowered to a great extent.

On the whole, 90% of the respondents were supportive of the project with 41% of them strongly supporting it. There was a 10% which did not support the scheme.

We had a last question for our beneficiaries, namely, opinion and suggestions about the scheme. Since many of the suggestions and opinions were more or less the same or similar with those made by the beneficiaries at the Koottaymma session, we are giving this below with the findings from the Koottaymma.

## 5. The KESRU Koottaymma

In order to get information directly from the beneficiaries in an informal atmosphere away from their places of business, the Director of the study invited some of the KESRU beneficiaries to a Koottaymma at the District Employment Exchange Office from selected districts which included besides the three districts selected for our field study (Thiruvananthapuram, Kottayam and Kannur) the following additional districts : Kasaragod, Malappuram, Palakkad, Thrissur, Alappuzha and Kollam (Total 9 districts). It was thought that in an interview situation, using Field Investigators and previously prepared interview schedules, the information that could be collected will be limited to answers for the questions already prepared and asked. On the other hand, if the interviewee has an opportunity to meet the Director of the study and directly exchange views and communicate with word of mouth with him, this will throw out a wealth of information that will be missing from the pre-set interview data. In this situation, any number of questions and supplementary questions could be asked to hit at the gist of the problem. Since information given by the beneficiary was open to all other members present at the Koottaymma, these other members also could react to the views expressed by the members. There were in all, a total of 188 beneficiaries for the KESRU Koottaymma from the different districts. There were more women than men for the Koottaymma even though the proportion varied from district to district, highest proportion of women being from Malappuram and lowest from Palakkad. The general information which they gave at the Koottaymma was more or less in conformity with that collected through the interview schedules. However, when they began to deal with their problems, we found that there is uniqueness in many cases even though here also we could find commonalities. Each session lasted for 3 hours and had an average of 21 beneficiaries which means that a beneficiary got around 9 minutes. We first asked every respondent to give his/her name, project, amount requested and received and when started and then asked to speak about what he/she felt he/she should tell us – either by way of achievements including future plans or by way of problems. Those who had achievements to claim highlighted on them while those who had grievances focused on them. Some of the respondents took 10 to 15 minutes while some took only 4 to 6 minutes. At the end of the session, participants had a feeling of comfort in that they got an opportunity to unburden their minds.

In all the 9 Koottaymmas, the concerned Employment Officers (SE) were present. In some of the Districts, the DEO himself was present throughout the session. In the Koottaymma at Palakkad, the Deputy Director (Employment), TVM was present. The Koottaymma at Trichur was inaugurated by the ADM. In the Palakkad Koottaymma the Lead Bank Manager was present in one of the groups. The presence of these dignitaries added enthusiasm to the beneficiaries in bringing out both the good and the bad (more bad than good) points of the scheme.

We give below some of the points raised by the beneficiaries and some of the complaints they are nurturing about the KESRU scheme and about the loan arrangements.

First is about the inadequacy of the loan about which most beneficiaries have complaint. Tables 19/20 show that most people have got only less than what they had asked for. Some of them would have inflated their demand feeling that only if they ask for 100 will they get 50, but many had genuine needs but got only smaller than that amount. Here is a situation which seems genuine.

The government subsidy of 20% of the sanctioned amount is a back-ended payment, which means that the bank will keep the amount till the last instalment of the loan is paid. Many of the beneficiaries do not know this nor do many banks bother to inform the borrower about this. Some banks keep the govt. subsidy as a suspense account, some keep it in the beneficiary's current account. In either case the beneficiary does not seem to have the advantage of interest on this subsidy that the govt. has already advanced to the bank. (This inference was arrived at from the experiences narrated by many of the beneficiaries)

Here is a case of the client not knowing the bank rules relating to the 80% bank loan on KESRU grant. The lesson is that the beneficiary should be clearly instructed about the rules for borrowing, interest charged, penalty for non-payment of instalments on due dates and also about how the back-ended subsidy works. Here is an eye opener.

Nancy (name changed, names of all those mentioned in this and the other chapters are not the real ones) from Malappuram, got Rs. one lakh under KESRU scheme for a tailor shop in 2008. In the beginning, she had been remitting the instalments promptly. But then she embarked on her house construction and this delayed instalment payment for some time. As per her statement, made to us, she had remitted more than a lakh of rupees to the bank against the borrowed amount of Rs.80,000 and she thought that she owed nothing more since the subsidy amount of Rs.20,000/ also was with the bank. In any case she went to the bank and enquired about the status of her loan. The manager was a non-Malayalee and he said he did not know anything about the loan and required time to study it. She says that at that time she was willing to pay back any arrears which she thought would be only a small amount. Three months later she got a notice from the bank that if she does not remit Rs.25,000 immediately, the bank will attach her house and property. She says she did not know about banking rules and was prepared to repay whatever was due when she saw the manager last time. She ended up her story saying that she had to take an additional loan of Rs25,000 for clearing the existing KESRU loan. She says that she not only did not gain anything out of KESRU Scheme but ended up in debt because of it.

Ramdas, a rubber tapper from Malappuram, got Rs. one lakh from the local service Bank for buying auto rickshaw, had to pledge his 10 cents property and photo copy of his employer's property. Further, as additional security his employer's FD of Rs.3 lakh, in another bank had to be transferred to this bank. He says it had been a big ordeal to get the loan. He further says that his employer felt this is a heavy security for a loan of just Rs,80,000/.

**On the practice of getting quotation for machinery**, etc. one other beneficiary had this much to say. The shop will invariably quote higher price than the prevailing market price thinking that the customer can afford since he is getting the money free and a part of it should go to him (seller of the item).

In another case, a beneficiary reported that the shop owner said he will give a higher quotation but has to be paid 10% as his price. “You are getting free money from the government for this. Why can’t you give a part of it to me”.

The issue was made complicated when one KESRU applicant said that he had to show a quotation for a higher amount to get one lakh. This is because, he said, the bank has a tendency to give only less than the actually required amount. This encourages the dealer as mentioned above to exploit the borrower.

A man wanting to buy an auto rickshaw got only Rs. One lakh. The rickshaw cost Rs.135 (old price) and body building etc. cost another Rs.15,000. The business was running smooth, but then he met with an accident. The auto was partly damaged and he was partly disabled. Two months he could not drive the auto, the insurance company paid less than the cost of repair. This defaulted the loan instalments. All these made him a debtor from which he does not know how to get out.

**Case of chicken farming.** The beneficiary got Rs. one lakh from bank without difficulty, bought 500 chickens. The business went on for some time. Then 450 of them died *en masse*. He has no money to buy a fresh lot. The chicken sheds built with bank loan are now lying idle. He says if the bank would issue a fresh loan, he could make a restart.

We had other cases of chicken farmers whose chicken died *en masse* due to bird flu and other epidemic diseases typical of chicks. The peculiarity with chicken business is that once the flu affects one bird, the entire stock in that shed will die overnight and there is possibility that this will spread to other sheds as well. The second aspect is that the business is built on rolling money, one block of chicks is bought and is bred for 45 days and sold and another block is bought. Now when the chain is broken, there will be problem. There is no insurance for chicken farming industry. In most cases, small farmers will not have any deposits to use in emergency.

Here are a few success stories

Shirley got Rs.50,000, started making paper bags. Ban on plastics gave her business a boost. She collected orders from neighbouring medical college and other institutions. She now has several sales agents/distributors and has a good business.

A similar case of success is that of a woman starting a bakery with bank loan of Rs.100,000. She started it at home The Bank first objected to issue the loan on this account but later relented. She overcame all the obstacles and went ahead. Now she employs 7 persons, including a van driver and owns a pickup and delivery van for distribution of bakery items. One aspect of this business is that all employees will have their noon meal in her house.

KESRU scheme is working more or less smoothly due to two factors – one is that the amount involved is small (maximum one lakh and this is given to only less than 50% applicants). The other is that being a one man/woman concern, the entrepreneur is very much cautious in handling his/her money as well as his business.

In sum, we could say that both success stories and distress stories are part of business. But while success situations can be used for assets building, distress situations cannot attract any credit and it is necessary that the KESRU scheme should provide some funds for enabling the entrepreneur to tide over temporary crises. There should be provision in the scheme for financial support by way of supplementary loans to tide over crisis situations (crisis management fund). There is also need for supplementary loans (development fund) where the sanctioned amount (especially when it is much less than one lakh) is found to be inadequate either because of the nature of the business or because of the scope for expansion.

**We want to also mention a few further points that would give the scheme a smoother go.**

1) **The beneficiary should be given the right to select the Bank of his choice rather than asking him to use the services of only the bank in his service area.**
2) **The system of pre quotation along with application should be dispensed with and the beneficiary should be asked to produce only the purchase receipt of the item bought.**
3) **Bank loan should be made easy, many procedures and documents insisted upon by certain banks should be done away with, relaxed or simplified.**
4) **There should be closer scrutiny of application at the Employment Office and at Selection Committee stages.**
5) **Selected beneficiaries should be required to undergo compulsory training in an RSETI or similar institutes with additional exposure to the working and risks of the trade he has chosen.**
6) **There should be closer monitoring of the progress of the scheme by the Employment Officer. Now the inspection is weak and the beneficiary does not feel he has to do anything with the DEO office once the loan is received.**

7) **We have found that default of loan repayment is rather high - 11%. (Table 25). This could be reduced if there is better bonding between the beneficiary and the DEO office till the bank loan if fully paid and the beneficiary gets the benefit of the 20% subsidy.**

## 6. Sustainability of KESRU Scheme

This aspect (sustainability) of the study could not be accurately ascertained because many of the DEO offices do not keep a list of the units that are still continuing after the expiry of the loan period. In fact, after the selected applications are forwarded to the Banks and the subsidy is sent to the banks, there is little contact between the applicant and the DEO office unless there are problems for the beneficiary with the bank. In such cases, EO (SE) raises such issues at the meetings of the Block Level Bankers' Committee (BLBC) or District Level Bankers' Committee (DLBC) but a persistent bank could continue to oppose the demand. If and when a client falls in arrears in instalment payment, the Bank will contact the DEO and it is only then that the DEO office will know that something is wrong somewhere. Falling in arrears can happen at any time during the 5 years of payment time. If this happens, this could mean that the unit has fallen on evil days or that the beneficiary may be (but not always) wilfully withholding payment. What the bank will do in such cases as a transitional arrangement is to issue a fresh loan to the party which means only that the defaulter gets more time for repayment. The fact of Revenue Recovery and consequent adverse public opinion against the beneficiary and the cancellation of Registration at employment exchange are two swords in the hands of both the bank and DEO office. However, the bank usually does not prefer going for RR as the immediate effect is to raise the bank's Non Performing Assets (NPA). As a consequence of all these, the actual cases of banks going all the way for RR also has been reported to be very few.

Some beneficiaries are reported to be going for foreclosure, i.e. for closing the loan before the blocking period but since the subsidy is back-ended, the bank will not pay the subsidy before the end of the prescribed term. (in Job Club also this issue came up because the subsidy was a big amount. See under Job Club)

It is reported from the various Districts that cases of RR under KESRU have not been very large in number because (1) the amount (maximum Rs.80,000) was small and because subsidy will take care of the interest. (In our study we found that default of payment is 11% (Table 25) but this means only that the beneficiary has fallen into arrears *at that point of time* and would pay it later). The Bank Managers, whom we interviewed, also gave us the impression that loan default on KESRU, compared to the Banks' other loan portfolios was not alarming.

However, we found that in some cases the units had stopped functioning and the beneficiary had closed the unit and had ether gone out of the place or was not available for us to make enquiries at the time of our study. As said in the methodology chapter, we tried to make a study of those who had completed the project and collected 30 names from the DEO office for this. We could get only 17 (57%) who were still in business. The other 13 (43%) had wound up the unit; either they had changed their place of residence or got jobs outside and gone out. In such cases, one could say that even though the project did not survive, it would have acted as a stepping stone for the beneficiary to move to a higher income job. This may be taken as a plus point on sustainability since the beneficiary would have improved his situation and got a better job because of the KESRU experience.

Summing up the evidences available with us, we could say that the KESRU scheme has not been a failure. In the Koottaymma that we summoned (see earlier) there were some past KESRU beneficiaries who said they were doing well in their business and that in their knowledge, others also were faring well. They came to the Koottaymma to find out if they can get a supplementary loan for developing their business.

**We would however like to add that government may look into our 7 points listed above for better management of the KESRU scheme.**

-----------------------------------------------

# IV. MULTI PURPOSE SERVICE CENTRES/JOB CLUBS

## 1. The background

This is the second of the three self-employment schemes under the Employment Department of the Government of Kerala for the marginalized unemployed and was started in October 2007, [vide (GO (P) No.43/07 Employment and Resettlement (H) Department dated Oct. 29, 2007]

To be eligible for forming a job club, the applicants of the job club project should be on the live Register of an Employment Exchange in the State. Those who have received professional/technical training will get 10% reservation even if not registered with the EE. The annual family income of the applicants should not exceed Rs.50,000. The age limit is between 21 and 40 years with waiver of upper age limit up to 3 years for OBC and 5 years for SC/ST candidates. Both men and women can become members of a Job Club (except in jobs like home nurses and home maids which are reserved for women). The maximum amount of loan will be Rs. 10 lakh of which 10% should be the contribution of the members of the job club team. The subsidy of 25%, limited to 2 lakh, will be the contribution of the Government and the balance, 65% will be the bank loan. The maximum number of members in a club should be 5; in exceptional cases this can go up to 10. In any case, the government subsidy will be limited to 2 lakh or 25% of the capital amount whichever is less.

Application for a job club can be submitted to the District Employment Office (or Town Employment Office) on any working day. The Employment Officer (SE) will scrutinise the application, call the team for an interview and clarify doubts and/or suggest modifications. The applications are then placed before the District Selection Committee consisting of the District Panchayat President (Chairperson), District Lead Bank Manager, representative of the District Industries Training Officer and Director Janshikshan Sansthan of the district, with the District Employment Officer as Convener. The selection committee will interview the club members and make elaborate scrutiny of the project for their viability and feasibility. It can approve, ask for modification or reject the project. Approved applications are then sent to the service bank for financial support. The bank makes another (more thorough and elaborate) scrutiny of the application and would ask for supporting documents when needed. The bank has also the right to accept/reject/or suggest modifications. Job clubs should be registered under the Partnership Rules. Job Clubs doing small industries type activities have to take registration from District Industries office. Where applicable, permission from the local government also should be obtained. In all subsequent matters, the bank's decisions will prevail. The final decision of the bank is then communicated to the DEO who will send the government subsidy to the bank on its approved projects as DD to be deposited in the Club's loan account which should have been opened with the 10% seed money from members. The bank will also communicate its decision to the applicants.

The government order on the Job Club Scheme envisages periodical inspection of each club by the DEO and monitoring of its progress. Service Centres are proposed as part of the Scheme to help both the job club and the EO (SE) in their respective work. (These Centres have not been opened so far in any district). Appropriate action is to be taken by the EO on erring clubs which fail to achieve targets as planned or default loan payment. The bank also has every right to have recourse to legal action including Revenue Recovery for recovery of the loan given to Job Clubs and the EO (SE) should extend all cooperation to it in this. Neither the club nor the government could challenge the bank's action on this.

A list of beneficiaries under Job Club Scheme from the time of its inception is given in Table 1.

## 2. Report on the Field Study

As in the case of KESRU, we made a field study of Job Club team leaders (or another available member of the Team) in 3 districts, selecting 30 Team Leaders from each district. Since the number of JCs is comparatively small in all districts, we could not get 30 respondents from each district but had to be content with 63 from all three districts. However, we have compensated this shortage by getting additional data from some members in our Job Club Koottaymma session (please see next section). The difficulty in getting adequate numbers of JC members is not only due to their comparative shortage in the population of JCs but also due to the difficulty in meeting the Team Leader after several efforts. Most of the Teams will have only 2 to 3 members even though the maximum number could be 5. Of these, all except the Team Leader will have only nominal role in the club and will not be able to give us the required information.

**Table 1. District-wise number of Job Clubs 2007-2014**

| **District Employment Exchange** | **No. of Job Clubs based on financial years** | | | | | | | **Total** |
|---|---|---|---|---|---|---|---|---|
| | **2007-2008** | **2008-2009** | **2009-2010** | **2010-2011** | **2011-2012** | **2012-2013** | **2013-2014** | **2007-2014** |
| Thiruvananthapuram | 1 | 10 | 5 | 4 | 0 | 1 | 0 | 21 |
| Kollam | 8 | 5 | 10 | 11 | 6 | 5 | 5 | 50 |
| Pathanamthitta | 3 | 3 | 8 | 1 | 3 | 4 | 1 | 23 |
| Alappuzha | 3 | 5 | 4 | 2 | 0 | 1 | 3 | 18 |
| Kottayam | 4 | 4 | 5 | 6 | 10 | 8 | 11 | 48 |
| Idukki | 3 | 1 | 1 | 1 | 0 | 1 | 1 | 8 |
| Ernakulam | 6 | 3 | 5 | 3 | 1 | 3 | 4 | 25 |
| Thrissur | 8 | 5 | 5 | 3 | 7 | 8 | 10 | 46 |
| Palakkad | 8 | 9 | 3 | 2 | 1 | 1 | 5 | 29 |
| Malappuram | 1 | 3 | 6 | 6 | 4 | 9 | 18 | 47 |
| Kozhikode | 1 | 3 | 6 | 6 | 2 | 4 | 1 | 23 |
| Wayanad | 2 | 1 | 3 | 1 | 0 | 0 | 3 | 10 |
| Kannur | 1 | 5 | 6 | 6 | 8 | 3 | 8 | 37 |
| Kasaragod | 15 | 14 | 14 | 11 | 19 | 18 | 9 | 100 |
| **Total** | **64** | **71** | **81** | **63** | **61** | **66** | **79** | **485** |

Source: Data supplied by the Employment Department

In many cases, the Team Leader will be out of station, either driving the Club's Mini Lorry as per the hirer's needs or he/she may be out of station for several days on company business. The mobile phones will be “out of range” or “switched off” and even if the team leader gives appointment, he/she will not keep it due to the very nature of his/her job, some of which may require constant mobility.

The interview schedule used for the JC Team leaders was a modified version of the one used for KESRU beneficiaries with necessary changes to accommodate the special nature of the JC programme.

**Sex**

Since both men and women can be members of the job club, we are giving data on gender background of the clubs studied by us. Our sample of 63 JC Team Leaders had 46 men and 17 women (73% and 27% respectively).

**Age**

Out of the 63 beneficiaries of Job Club project 22% beneficiaries are below 30, 35% beneficiaries are between the age group 30 to 35, 37% are between 35 and 40, and 6% beneficiaries are between 40 and 45. The higher age limit for job club members is 40. Two of the 4 over-aged members were only 40 at the time of starting the club, one was from OBC and one from SC, both having age exemption. Details are given in Table 2.

**Table 2: Age of the respondents**

| **Age** | **Frequency** | **Percentage** |
|---|---:|---:|
| Below 30 | 14 | 22 |
| 30 – 35 | 22 | 35 |
| 35 – 40 | 23 | 37 |
| 40 – 45 | 4 | 6 |
| **Total** | **63** | **100** |

## Education

Out of the 63 beneficiaries of Job Club projects 31 % are SSLC or below, 27% of beneficiaries have completed Plus Two. 29% have graduated and 13% have attained technical education. Category-wise break up of details is presented in Table 3 below.

**Table 3 - Education of the respondents**

| Education | Frequency | Percentage |
|---|---|---|
| SSLC and below | 20 | 31 |
| Plus Two | 17 | 27 |
| Graduation | 18 | 29 |
| Technical Education | 8 | 13 |
| **Total** | **63** | **100** |

### Special Training

It was found (Table not given) that 30 (48 %) beneficiaries have received special training - NTC, NAC etc. 33 (52%) have not received any special training.

### Marital Status

78% beneficiaries are married. 19% are unmarried and 3% comes under “others” category. (Table not given)

As shown in table 4, the age of spouse of 19% respondents is below 30 and that of 22% is between 30 and 35. The age of spouse of the next 37% is between 35 and 40. The two beneficiaries (3%) above 40 were from the SC.

### Number of children

It will be seen from table 5 that 22% of beneficiaries have only one child, 48% of beneficiaries have 2 children and 5 % of beneficiaries have more than 2 children. 14 persons, i.e., 25% of beneficiaries, have no children. This includes the 12 unmarried respondents.

**Table 4 – Age of spouse if married**

| Age of spouse | Frequency | Percentage |
|---|---|---|
| Below 30 | 12 | 19 |
| 30 – 35 | 14 | 22 |
| 35 – 40 | 23 | 37 |
| 40 - 45 | 2 | 3 |
| Unmarried | 12 | 19 |
| **Total** | **63** | **100** |

**Table 5 – No. of children**

| No of children | Frequency | Percentage |
|---|---|---|
| No child(unmarried/ other) | 16 | 25 |
| One | 14 | 22 |
| Two | 30 | 48 |
| More than two | 3 | 5 |
| **Total** | **63** | **100** |

### Total family income at the time of application

Majority of beneficiaries (95%) had a family income below Rs 50,000 at the time of forming the club and the rest (5%) had higher income. It may be pointed out that the permissible family income for eligibility for the scheme is Rs.50,000 per year.

### Activity before joining job club

As shown in Table 6, 35% of beneficiaries were doing jobs similar to the ones opted for the job club business. 48% of beneficiaries were doing some other jobs before forming the Job club. Next comes 17% of beneficiaries who were doing nothing. They are mostly women

.

**Table 6 – What were you doing before Job Club?**

| Activity before Job Club | Frequency | Percentage |
|---|---:|---:|
| Nothing | 11 | 17 |
| Similar job | 22 | 35 |
| Other job | 30 | 48 |
| **Total** | **63** | **100** |

**Date of registration with Employment Exchange**

Registration with the Employment Exchange is compulsory for all applicants as a pre-condition for eligibility (except for those with technical qualification) and seniority in this is a criterion for ranking for eligibility. The table shows that majority of beneficiaries (63%) have registered with the employment exchange in the last 3 to 5 years. 19% of beneficiaries registered with the employment exchange within the last 1 to 3 years. Next is the group above 5 years with 10%. 6% of beneficiaries have registered with the employment exchange in the last 6 months to 1 year. Only one person has registered within the last 6 months, seemingly for qualifying for applying for Job Club.

**Table - 7 – Date of registration**

| Date of registration | Frequency | Percentage |
|---|---|---|
| Below 6 months | 1 | 2 |
| 6 months to 1 year | 4 | 6 |
| 1 to 3 years | 12 | 19 |
| 3 to 5 years | 40 | 63 |
| Above 5 years | 6 | 10 |
| **Total** | **63** | **100** |

Who prepared the project for you?

The projects of the majority of respondents (61) were prepared by the senior partner himself/herself. 14 % were prepared by all of the partners sitting together. The work of preparing the project of 19 % respondents was entrusted to professional agencies. 6% were done by quasi professionals (amateurs) which helped the respondent to pay a smaller amount of consultation fee than that charged by a professional. We found that what really happened in several cases was that the senior partner would plan to form a job club and he/she will catch hold of some of his/her kin or relatives and put their names as partners. In such cases, almost the entire responsibility of the club including designing the project, mobilisation of resources and operation of the club will be his/her responsibility. In another set of clubs, the senior partner will be a technical man/woman who knows the job; he then brings to his fold like-minded persons and forms a club. In all such cases, the design and project preparation will be done by him/her with the assistance of knowledgeable friends and the other members of the team will just follow the leader.

**Table 8 – Who prepared the project?**

| **Project prepared by** | **Frequency** | **Percentage** |
|---|---:|---:|
| Senior partner | 38 | 61 |
| All of us | 9 | 14 |
| Professional | 12 | 19 |
| Quasi professionals | 4 | 6 |
| **Total** | **63** | **100** |

**Experience in running similar or identical project**

Table 9 shows that 28 respondents (44%) had good experience in running similar or identical projects, 6 persons (10%) had some experience, and 21 persons (33%) had experience in some related fields. Only 8 persons (13%) had been newcomers in their chosen fields.

**Date of commencement of project**

The table shows that 24% started the project within the last one year. 43% started their projects within the last 3 years and 33% started it within the last 5 years.

**Table 9 – Experience in running similar project**

| **Experience** | **Frequency** | **Percentage** |
|---|---|---|
| Good experience | 28 | 44 |
| Some experience | 6 | 10 |
| Experience in a related field | 21 | 33 |
| No experience | 8 | 13 |
| **Total** | **63** | **100** |

**Table 10 – Date of commencement of project**

| **Date of commencement of project** | **Frequency** | **Percentage** |
|---|---|---|
| One year ago | 15 | 24 |
| 1 year to 3 years ago | 27 | 43 |
| Within the last 5 years | 21 | 33 |
| **Total** | **63** | **100** |

**Amount applied for**

As shown in table 11, 25% applied for the whole amount of 10 lakh permissible under the scheme. Some of them applied for even more (up to 12 lakh). 13% beneficiaries applied for the amounts of Rs 8 to 10 lakh. 24% applied for amounts between 6 and 8 lakh, 29% applied for amounts between 4 and 6 lakh while the percentage of those applying for less than Rs. 4 lakh was only 9.

**Table 11 – Amount applied for**

| Amount applied for in | Frequency | Percentage |
|---|---|---|
| 10 Lakh | 16 | 25 |
| 8 Lakh or more | 8 | 13 |
| 6 Lakh or more | 15 | 24 |
| 4 Lakh or more | 18 | 29 |
| Less than 4 Lakh | 6 | 9 |
| **Total** | **63** | **100** |

**Amount sanctioned by the District Committee**

Table 12 shows that 16% got approval for the full amount of R.10 lakh from the District Selection Committee, 13% beneficiaries were sanctioned an amount between Rs.8 and 10 lakh, 18% got between Rs. 6 to 8 lakh, 25% got Rs.4 to 6 lakh and 28% got only less than 4 lakh.

**Table 12 – Amount sanctioned by District Committee**

| Amount sanctioned in Rupees | Frequency | Percentage |
|---|---|---|
| 10 lakh | 10 | 16 |
| 8 to 10 lakh | 8 | 13 |
| 6 to 8 lakh | 11 | 18 |
| 4 to 6 lakh | 16 | 25 |
| Less than 4 lakh | 18 | 28 |
| **Total** | **63** | **100** |

**Amount actually received from bank**

The final amount was to be decided by the service bank to which the District authorities will forward the application. There, invariably some pruning will take place before the final amount is sanctioned. Table 13 gives the final amount received by our respondents from the banks

The table shows that only in 11% cases did the beneficiary receive the full amount of Rs.10 lakh; the largest percentage of beneficiaries (35%)received only less than Rs.4 lakh and the next large amount of Rs.4 to 6 lakh was received by 29%. This means that 64%, i.e. two-thirds of those who ventured into this new scheme of the Government received only less than Rs.6 lakh even though the job Club was envisaged as a scheme for encouraging larger investments.

**Table 13 – Amount actually received from bank**

| **Amount actually received in Rupees** | **Frequency** | **Percentage** |
|---|---:|---:|
| 10 lakh | 7 | 11 |
| 8 Lakh to 10 lakh | 9 | 14 |
| 6 to 8 lakh | 7 | 11 |
| 4 to 6 lakh | 18 | 29 |
| Less than 4 lakh | 22 | 35 |
| **Total** | **63** | **100** |

A comparison of Tables 12 and 13 shows that there has been much pruning of the amounts by banks which have their own standards for assessing projects and deciding on their costs. Needless to say most of the time the applicants felt that the banks' decisions were unfair and arbitrary.

This is not the only treatment received by the Job Club applicants at the hands of Banks. In another Chapter ( Banks and the Beneficiaries) we have shown that a large number of applications from both KESRU and Job Clubs, recommended by the Selection Committee, were rejected by the banks on grounds of feasibility and viability. Thus these two schemes meet a double blow from the banks: on one hand, the amount applied for/recommended by the Selection Committee is pruned by the banks. On the other hand, a large number of applications were disapproved by the banks even though approved by the Selection Committee.

*This matter has to be examined in detail by the government.*

## Ownership of the land/building of the project

An important factor in running a project is the ownership of the land/building in which the project is to be located. The relevant Government rule says that those who own their own land/building and those who can hire such sites at low rates of rent will be given preference. Ownership of the land or building for the location of the enterprise has several advantages. For one, there is no need to pay rent and rent advance; the team can alter the building in accordance to the requirement of their business. For another, there will not be threat of eviction or demand for periodical increase in rent. For a third, the bank will not ask for additional securities.

In the case of 48% projects, the site or building was owned by the chief partner. In 9% cases, it was owned by another partner and in all other cases (43%) the building was rented

**Table 14 – Ownership of the building of the project**

| Ownership | Frequency | Percentage |
|---|---|---|
| Owned by chief partner | 30 | 48 |
| By other partners | 6 | 9 |
| Rented | 27 | 43 |
| **Total** | **63** | **100** |

## Monthly rent

57% of the respondents do not pay any rent as the building is owned by one of the partners. A rent ranging from Rs.1000 to Rs.2500 was paid by 10% respondent. Another group of 17% respondents pay rents ranging from Rs.2500 to 5000 per month while 16% pay rent beyond Rs.5000. The highest rent paid was Rs.7500 per month and that was by two job clubs. The high rent was due to the prime location of the site/building.

An invisible item not reported here but about which we collected some information is the advance or security deposit to be paid for hiring a building. The general convention was that 3 months' rent was to be paid as security. But there have been cases where more than that amount had to be given for getting a building in prime locations. In one case, a security deposit of over Rupee one lakh had to be paid. The security deposit does not bring interest. It should be considered as part of the dead investment on the business.

**Table 15 – Monthly rent**

| **Monthly rent in Rupees** | **Frequency** | **Percentage** |
|---|---:|---:|
| Do not pay rent | 36 | 57 |
| 1000 to 2500 | 6 | 10 |
| 2500 to 5000 | 11 | 17 |
| Above Rs 5000 | 10 | 16 |
| **Total** | **63** | **100** |

**Do you have employees in your firm?**

As shown in the table, a majority (62%) of the Clubs do not have any paid employees. 32% hired 5 or less number of workers. 3% have 5 to 10 employees and 3% have more than 10 employees. In the case of clubs which do not employ workers, the partners themselves do the jobs. (e.g. running a tourist taxi or mini lorry). The details are presented below.

**Table 16 – Do you have Employees?**

| **Employees** | **Frequency** | **Percentage** |
|---|---:|---:|
| No employee | 39 | 62 |
| 5 or less | 20 | 32 |
| 5 to 10 | 2 | 3 |
| More than 10 | 2 | 3 |
| **Total** | **63** | **100** |

**Your share of profit last year**

A question was asked about the profit obtained by the respondent last year to find out the financial viability of the project. Profit is the best index of a firm's financial viability. The table shows that the maximum profit of over Rs. 100,000 a year was received only by 24% respondents. This is followed by 30% respondents who get a profit share of Rs.50,000 to 100,000 while 6% had to be content with an annual profit share of Rs. 50,000 or less. 37% are not getting any profit at present as the company has not begun to yield any profit and also because currently the firm is not faring well.

**Table 17 – Your share of profit last year**

| **Share of the profit in Rupees** | **Frequency** | **Percentage** |
|---|---:|---:|
| Club has not started earning profit | 23 | 37 |
| 50,000 or less | 4 | 6 |
| 50,000-100,000 | 19 | 30 |
| More than 100,000 | 15 | 24 |
| **Total** | **63** | **100** |

Here, a caveat is necessary. Some of the job clubs, as mentioned earlier, are actually run as one man/woman enterprises as the others are only "sleeping partners". They are kin who will go all the way with the leader of the business and need not be paid anything. They simply lend their names for satisfying partnership requirements and for accounting (for tax) purposes. As such we are not sure whether the profit mentioned by the respondents was his/her share or that of the entire firm. Hence the table should be taken only as indicative of the amount of profit earned by the club.

**Do you expect better prospects next year?**

49% beneficiaries expect more profit next year. 11% expects the same profit and 19% expect less profit next year than this year. 21% expects that the firm will start getting some profit next year

**Table 18 –Prospect of profit for next year**

| Prospect of profit next year | Frequency | Percentage |
|---|---|---|
| More profit | 31 | 49 |
| Same profit | 7 | 11 |
| Less profit | 12 | 19 |
| Club will start getting some profit | 13 | 21 |
| **Total** | **63** | **100** |

**Size of club membership at the time of formation**

The membership pattern of our job clubs is given in Table 19. As stated earlier, the scheme envisages a maximum of 5 members in a team. The modal membership in the teams studied by us is 3 (35%), closely followed by 2 (30%).. Two and three membership clubs account for 65% of all clubs . As membership increases, the number of clubs goes down. Thus we have only 14% clubs that have the maximum permitted five members.

This is an indication that smaller number enables stronger bonding, better sharing and fixation of responsibility and enduring team work. This has to be read along with the data in next table (Table 20) where we have asked whether there has been any drop out in the team.

**Table 19 - Original size of membership**

| No. of members | Frequency | Percentage |
|---|---|---|
| 2 Members | 19 | 30 |
| 3 Members | 22 | 35 |
| 4 Members | 13 | 21 |
| 5 members | 9 | 14 |
| **Total** | **63** | **100** |

**Membership of the club at present**

Has any partner left the team? The answer to this question is given in Table 20 which shows that only in the two-member clubs was there no drop out. The rate of dropout increases as membership in the club increases. Thus there has been dropouts in 6 three-member clubs, 8 four -member clubs and 6 five-member clubs. If we look at the percentage of drop outs from each of these clubs, we will find that the dropout is 27% in 3 member clubs, 62% in 4 member clubs and 66% in 5 member clubs.

**Table 20 - Drop out from the Club**

| **Drop out from the club** | **Total clubs & dropouts** | **Dropout Percentage** |
|---|---:|---:|
| From 2 member clubs | 19 (0) | 0 |
| From 3 member clubs | 22 (6) | 27 |
| From 4 member clubs | 13 (8) | 62 |
| From 5 member clubs | 9 (6) | 66 |
| **Total** | **63 (20)** | **32** |

Note: Figures in Brackets indicate number of drop out cases. Thus out of 22 three-member clubs, 6 experienced desertion of members, and so on.

A point that is not revealed in the Table is that the drop out took place within a period of less than 5 years, i.e. before the club reached its maturity. The scheme envisages a 5 year period for the full growth of the firm and the liability of the firm to the bank will cease at the end of 5 years when the entire bank loan and interest would have been fully paid.

On exploration about the reasons for drop out it was found that in a few clubs, there was disagreement on important matters within the club and some members left. In others, someone or more members got permanent jobs or had to leave the place on personal grounds. It may be pointed out that dropout was nil or less in 2/3 member clubs as partners were chosen by the senior partner from among his/her family members or close kin, close neighbours or thick friends. Many of them were inducted into the club under promise from the team leader that he/she will look after the entire management of the club and the partner (s) will have only to lend his/her name for executing a partnership deed. Hence they did not have any reason to leave the club. In some cases, there is no disagreement among the members because they are family members or close kin and the establishment is run as a family enterprise. It may be pointed out that there has been no large-scale attempt at filling up the vacancy because the Job Club Rules state that a job club can run with 2 members.

**Experience with the Bank**

As problem with the bank has been a major hurdle pointed out by the respondents at our pilot study we decided to examine this aspect in some detail. It was probed in further detail again with the Job Club team at the Koottaymma session (Details of this are given in Section 3)

Table 21 shows that in the case of the vast majority of applicants, (65%), approval took more than 6 months to get the bank loan. For 22% applicants it took more than a year to get approval. Only in the case of 13% persons was approval obtained within 6 months after application.

**Table 21 – Time taken for approval of application**

| Time taken for approval | Frequency | Percentage |
|---|---:|---:|
| Within 6 months | 8 | 13 |
| 6 months to one year | 41 | 65 |
| More than one year | 14 | 22 |
| **Total** | **63** | **100** |

**Loans sanctioned by the bank**

We have seen in Tables 12 and 13 that the banks have reduced the amount approved by the Selection Committee mainly because in the banks' assessment the project did not require more than what they has appraised. In many cases according to the beneficiaries, the amount was disappointingly low and inadequate for running the club as planned. The respondents had one other complaint about the bank, viz., the interest charged by the bank was very high. We found that it ranged from 12% to 17.5%, with the non-nationalized banks charging more.

**Are you prompt in paying instalments or have you defaulted payment?**

To this question, only 20% said that they are regularly paying loan instalments, 34% said they occasionally default but never more than two instalments at a time but the rest said that they are frequent defaulters and had to remit huge amounts when they cleared the arrears. At least 6 persons have received notices from the bank for default. 3 persons said that they are currently defaulters for the past several months, the reason being slackness of business and having to purchase raw materials on a large scale, unexpected contingencies and also some domestic problems: building or repairing house or close kin falling ill and the team leader or another active member of the team having to (1) attend on him/her at home or in the hospital, and (2) spend huge amounts on his/her hospitalisation. There are only few respondents who do not know that default will invite penal interest on the defaulted instalment.

What is the present status of your loan?

Payment of loan instalments is spread over 60 months. Table 22 shows that 13 % beneficiaries have paid their loans completely. 52% have paid a major part of the loan since they were in the field for more than 3 years now, while for another 35% the business has only started and hence bank payment is also in its initial stages..

It may however be added that two beneficiaries said that they had to take additional loans from the bank for paying the defaulted payment and the total interest on the loan came to nearly as much as the subsidy. One of the beneficiaries who completed the 5 year period said that in sum, the only outcome of the project was to make him a borrower with the bank – clearing the Job Club loan through an additional loan.

**Table 22 – What is the present status of your loan**

| Present status of loan | Frequency | Percentage |
|---|---|---|
| Fully paid | 8 | 13 |
| Paid a major part | 33 | 52 |
| Newly started, so paid only a small part | 22 | 35 |
| **Total** | **63** | **100** |

**Your experience with the bank**

As shown in the table 23, only 29% of the beneficiaries have stated that the bank has been cooperative in their dealings with them. Lack of cooperation was pointed out in terms of the long delay in processing the loan (33% mentioned this). Another 21% stated that the bank's attitude towards them was quite negative till they could get the loan passed by the manager; thereafter the banks became cooperative. 17% respondents felt the attitude of the bank quite hostile and that all the time they had been dissuaded from taking the loan by requiring a number of documents and/or putting apparently "flimsy" reasons/arguments.

Many said that they were almost on the point of breakdown but then they thought that after spending so much time, undergoing so much trouble and investing so much money for preparing project, meeting a number of officials for getting the required documents/clearance and so on, they should not give up their mission half way. Encouragement and help came from the Employment Officer (SE) and this also persuaded them to continue their efforts instead of abandoning the projectmid-way.

**Table 23 - Experience with the bank**

| **Experience with the bank** | **Frequency** | **Percentage** |
|---|---:|---:|
| Cooperative | 18 | 29 |
| Long delay in processing | 21 | 33 |
| Negative attitude towards clients | 13 | 21 |
| Hostile attitude | 11 | 17 |
| **Total** | **63** | **100** |

**After running the project, is there any improvement in your financial position?**

43% had very good improvement in their financial position, 25% beneficiaries fared moderately well in their business but 18% did not move forward in their business and 14% went down in their financial position. 7 persons in the third category ("not much") had only started their business and they could not say anything about improvement of their financial position at this point of time.

One thing that was writ large on the face of the beneficiaries when this question was asked was that those who gave the last two answers did not want to give up their efforts. They said that they are still on the investment phase and are not expecting any immediate return from their investments. In fact they look forward with optimism in their venture. (4 of them admitted that the adverse condition of the club was due to their inexperience and consequent improper management but they are looking forward with optimism).

This is a satisfying message in that it contains a positive note on the project. The beneficiaries think the project is intrinsically useful.

**Table 24 – Improvement in financial position**

| Improvement in financial position | Frequency | Percentage |
|---|---|---|
| Yes, to a great extent | 27 | 43 |
| Yes, to some extent | 16 | 25 |
| Not much | 11 | 18 |
| Became worse | 9 | 14 |
| **Total** | **63** | **100** |

**After running the project has your status increased?**

Financial gain from the project is one thing. Social gain is another. Both should go together in the case of an entrepreneur venturing on a new activity. In one sense, better financial position is an important contributory factor in social gain. In this sense one could say that the majority of the Job Club leaders have attained higher status on account of better performance in the club. We asked specific questions in this regard in three areas where change of status could be measured, viz., among family members, among friends and peers and in the wider community.  The following 3 tables (25 – 27) give the results.

**Status in the family**

Table 25 shows that 46% beneficiaries said that their status in the family had increased to a great extent, 22% said it improved to some extent only. 19% beneficiaries did not perceive any increase in their status in their family and 13% said it has actually gone down with the family members.  In any case, 68%, i.e., two-third, of the respondents thought that their status in the family improved after taking up the project and being successful or hoping to be successful in it.

Lack of improvement in status at the family level could be attributed to the lack of success in running the project. It may also be pointed out that the image about the beneficiary in the eyes of the family members is not only based on success of the firm. Many of the members thought that now a major part of his time was being spent on the project and to that extent, the family is being deprived of his services. This would make him unpopular with some members who would feel additionally burdened with family work. The respondent would be seeing their grumbles on this and therefore would have thought that he has now become unpopular with them because of this. Some of the respondents themselves aired this view.

**Table 25– Better acceptability in family**

| **Better acceptability in family** | **Frequency** | **Percentage** |
|---|---|---|
| Yes, to a great extent | 29 | 46 |
| To some extent | 14 | 22 |
| Remained the same | 12 | 19 |
| Went down | 8 | 13 |
| **Total** | **63** | **100** |

**Status among Friends**

As shown in the table 26, 49% beneficiaries said that their esteem went up to a great extent among their friends; 25% said it went up only to some extent, 16% stated that it remained the same while for 10% it went down. The explanation for their going down in the esteem of their friends was that some of the friends expected some support from the beneficiary and failure to give this would have made the friendship bond less thick than before.

**In the community**

Table 27 shows that 57% beneficiaries said that their status in the community had increased to a great extent after starting the business. 19% beneficiaries said they perceived some improvement in their position in the community, 13% felt it remained more or less the same, and 11% feared it had actually gone down.

**Table 26 – Acceptability among friend**

| **Acceptability among friends** | **Frequency** | **Percentage** |
|---|---|---|
| Yes, to a great extent | 31 | 49 |
| Yes to some extent | 16 | 25 |
| Remained the same | 10 | 16 |
| Went down | 6 | 10 |
| **Total** | **63** | **100** |

**Table 27 – Acceptability in community**

| **Acceptability in community** | **Frequency** | **Percentage** |
|---|---|---|
| Yes, to a great extent | 36 | 57 |
| Yes, to some extent | 12 | 19 |
| Remained the same | 8 | 13 |
| It went down | 7 | 11 |
| **Total** | **63** | **100** |

Here also some of the respondents had explanation about their negative image after taking up the job club work. The community's rating about them went down when they were not making any profit.

Together, the preceding three tables show that there has been tangible improvement in the club leaders' overall status after taking up the business. It varied only slightly, largely because of the different yardsticks used by the different categories of persons. The family felt that the person who had been branded as of no use has all of a sudden found himself/herself in a position of responsibility. The friends who always looked towards him as a peer, found him all of a sudden rising in position and becoming the manager and performing well, the community seeing him as a no-gooder also found that he is proving himself to be a useful member. At the same time, those in whose eyes his rating went down had person-centred yardsticks to measure him rather than a total picture of the club which he now personified.

**Do you feel more empowered now than before?**

As shown in table 28, a majority (75%) of the beneficiaries said that to a greater extent they feel more independent now than before. 25% said they feel more independent only to some extent now than before. Nobody felt that they had gone low on their independence. Having to meet significant people for several purposes and getting things done by them, having to take critical decisions on investment, production, marketing and other matters relating to the club and keeping the team together would have increased their feeling of power.

**Table 28 – Do you feel more empowered now**

| **Feelings of more power** | **Frequency** | **Percentage** |
|---|---|---|
| Yes, to a great extent | 47 | 75 |
| Yes, to some extent | 16 | 25 |
| Not much | 0 | 0 |
| **Total** | **63** | **100** |

**Do you know others who have taken up similar Job Club projects?**

**Have you found them successful?**

Only 16 persons (25%) knew about others taking up business under the Job Club Scheme and out of these, majority (10 persons) said that these job clubs are prospering. The other 6 persons had less enthusiasm about job clubs run by others with which they were familiar because these clubs were not prospering.

To a question whether the respondent will recommend the job club scheme to any advice-seeker or one looking for entrepreneurial opportunities, almost all of them said yes even though only 8 out of 16 said they will unhesitatingly recommend the scheme. Another 6 respondents said they will recommend but will warn the prospective entrepreneur on the problems ahead and cite their experiences with the different agencies in getting the club started. The remaining 2 said that if somebody asks about their frank opinion about the scheme they will say they have nothing against the scheme but they would advise him to have a second opinion from another job club leader.

**Your honest opinion about your project**

Table 29 shows that a majority of beneficiaries (56%) said that the project is very good. Second comes those (32%) who would attribute only moderately good quality to the project while for 12% it was not worth the trouble and that they now have second thoughts about the scheme.

**Table 29 – Your honest opinion about your scheme**

| Opinion | Frequency | Percentage |
|---|---|---|
| Very Good | 35 | 56 |
| Good | 20 | 32 |
| Not Good | 8 | 12 |
| **Total** | **63** | **100** |

## 3. Field Study Findings

Our study covered 63 beneficiaries from the three districts where field study was conducted (TVM, KTM and KNR). The findings relate to only the Team Leader of the Job Club and no other members of the Team. The largest group of members (37%) was of the age group 35-40, closely followed by the age group 30-35 (35%). Those below 30 also were significant though not large (22%) but those above 40 were only 6%. The largest number of beneficiaries (31%) was SSLC and lower; those with technical education were quite few in number, only 13%. 37% of the JC Team leaders had their spouses aged 35-40 years, 48% had two children. Only 35% were earlier doing jobs similar to the one they were currently doing and there were 17% who were not doing any job before. In the case of 61% the project was prepared by the Team Leader and only in 19% cases the project was prepared by professionals. Only 44% had good experience in running similar jobs and 13 had no experience at all in running any project.

25% of the beneficiaries applied for the maximum amount of Rs.10 lakh but only 16% got their whole demand approved by the Selection Committee. However, only 11% received the full amount from the Bank.48% of the Team Leaders had the project established in their own building/site and only 9% premises were owned by other members of the Team. This is indicative of the major interest of the Team Leader in the Project. In 62% establishments there were no employees, the work was done by the partners themselves. Only 4 firms hired 5 or more employees

54% JC members had profit of Rs.100,000 in the preceding year and 19% predicted lesser profit in the coming year.

An important finding was about dropouts The largest percentage of dropout was from 5 member clubs (66%) closely followed by 62% dropout from 4 member clubs. There was no drop out from 2 member clubs. This finding will question the viability of clubs with larger members. It may be pointed out that the no dropout situation in the two member clubs was because many of the two member clubs were actually one member clubs with the second member being a nominee of the Team Leader and having little or no stake in the club.

As regards getting loan from the bank, only 13% beneficiaries got bank loans within the first 6 months. For the vast majority (65%) it took 6 months to one year to get the loan whereas 22% beneficiaries got the loan only after waiting for more than one year. Experience of the beneficiaries with the bank showed that only 29% felt the bank’s attitude as cooperative while 17% said that the banks take attitude of hostility towards the client.

As regards improvement of financial position after taking up the project, only 43% said that their financial position improved to a great extent while14% said it became worse after the project. However, 75% said that they now feel more empowered than before.

There was all round improvement in the status of the Team leader after starting the project. 46% felt that their status with the members of the family increased, 49% said that their status with friends increased and 57% said that society now considers them as having better status. However, around 10% felt that their status in all the three spheres went down after taking up the project.

One encouraging point about the project vis-à-vis the beneficiary is that 88% of our respondents said that the project is good and should continue.

There was an open ended question at the end of the Interview Schedule asking the respondents for their suggestions regarding the Job Club scheme in the light of their experience with the project. While generally approving the scheme, they said that the scheme has many flaws which should be corrected to make it sustainable.

They suggested an array of modifications – major and minor ones. These modifications varied from person to person depending on their personal experiences and ideas. These were suggested to our Field Investigator and the Investigator had little room for entering into a dialogue with the respondent on it. They are given below without much editing.

## 4. Suggestions

1. The upper age should be raised to at least 50 instead of the present 40, because this does not look like a scheme for young entrepreneurs and also because a person's productivity or innovativeness does not end at 40.

2. The amount passed by the selection committee should be given by the bank without any cut because this has been approved by the selection committee after discussion with the applicant. The bank does not hear the side of the applicant when making decision on his application.

3. Partnership should be made optional. If an individual feels that he can take up a project on his/her own, he/she should be permitted to do it.

NOTE: Many of the clubs presently are run as one-man shows even though on paper they are partnership firms.

4. The Club Members' contribution of seed money of 10% is all right because this is indicative of his commitment to the project. But the government subsidy should be raised to 35%.

5. The amount of the loan should be raised to 20 lakh as is being done in the self-employment programmes of many other institutions.

6. Amount of loan should be raised to 20 lakh but govt. may give subsidy for the first 10 lakh and give the other 10 lakh at rate of interest of 6 to 8%.

7. Interest rate should be reduced to 6 or 8 percent as is being done in some other projects and the banks should be persuaded to do this. Otherwise government should bear the additional interest charged by banks.

8. Applicant should be permitted to choose any bank of his preference so that he can use his rapport with the manager of that bank to avoid cut in amount and expedite the loan payment.

9. Government should issue circulars to all relevant agencies to expedite, as a special case, the issue of licenses and certificates required for the approval of the project. The request is strengthened by the argument that (1) This is a project for the economically backward sections of the population, hence special consideration should be shown to them by the different departments when approached for various certificates and other assistance. (2) This should be treated as a government sponsored programme and as such the departments should show special consideration to those seeking their assistance..

10. Banks should be told to minimize the number of documents for processing the loan.

11. Some banks do not ask for registration of a partnership deed. They accept an agreement on an Rs.100 stamp paper to that effect. This should be insisted upon for all banks.

12. The CGTSME scheme should be availed by banks instead of asking parties for property pledge.

13. Some banks do not ask for property as security. This should be made applicable to all banks.

14. Annual income limit of the family should be raised to at least Rs. One lakh since inflation has artificially boosted the family income.

15. Selected applicants for job clubs should be given one week's training in RSETI or RUDSET or similar agencies not only in motivation and EDP and skill development in the required field but also in banking rules so that bank-customer relationship could be established on informed and cordial lines.

16. There should be an annual Koottaymma of all JC Teams in a district or group of adjacent districts where discussions and seminars may be arranged. The Koottaymma could also have exhibition-cum-sale of products of different JCs.

## 5. Koottaymma

Koottaymmas of Job Club Team Leaders were organized in all the 9 District Employment Exchanges. They were attended by 91 members. As in KESRU these beneficiaries were given opportunity for each to speak of his/her case as well as hearing others when they spoke. They were given opportunity to react when others were speaking. In this way the Koottaymma provided an opportunity for the beneficiaries to speak all that they wanted to say about their JC with the benefit of reaction from others. One noteworthy point in the JC Koottaymmas was the thin attendance of the beneficiaries compared to KESRU and Saranya. Part of the reason given was that they could not afford to be away from work. Another, more plausible, reason was that JCs were quite few in number, compared to KESRU. In a number of cases, more members accompanied the Team Leader.

Some basic information given by these Koottaymmas is given below.

The Koottaymma enabled the beneficiaries to share their views and ventilate their complaints. One major problem highlighted by nearly all beneficiaries was the time taken by banks to approve the application for issue of loan. This ranged from a minimum of 3 months to as long as 18 months.

**Here are two cases from Kasaragod**

Both women team leaders were friends and neighbours having one partner each in the Club. These partners were not in a condition to move out freely so the two team leaders had to do all the errands themselves. They applied for loan but were told that their application had not reached the Bank. They went to the Employment Office and got copy of the forwarding letter to the bank. Then the Manager said let me locate the file. Thereafter he said, let me study the case. In this way the two team leaders had to frequent the bank several times within a whole year. One of the ladies had a small baby (one and half years) whom she had to carry with her on her journeys because there was nobody at home to look after the baby during her absence. Even so, the manager did not show any compassion. The lady was sobbing when she narrated the sequence of events. The process continued for one whole year. When finally the loan was issued the govt. subsidy was not recorded anywhere nor its advantage given to the party. Both these team leaders were friends and they made their errands to the Bank together (also because the baby of one of them had to be taken care of for long hours). Both became emotional at the Koottaymma and prayed that this fate should not befall anyone else.

One good thing about the whole episode was that the bank asked only for the license for the shop (from both of them) and no other security.

**Delay in issuing the loan by the Bank worked havoc in several ways.**

1) Some beneficiaries, thinking that the project will be sanctioned immediately booked space for the shop in advance. Renting space requires deposit of at least 3 months' rent as advance. This, together with the monthly rent, cost a huge amount of money even before the project was put on ground.

2) In many cases, quotation had to be obtained for the needed machinery or equipment. Delay in purchase of the item made it more costly as their price would have increased during this time.

3) The quotation system was a great disadvantage to the entrepreneur. The price quoted was usually the MRP. This has to be paid when delivery is made. Actually the purchaser would get some discount if paid in cash instead of rooting the payment through bank.

One team leader said that in his purchase of a digital camera and accessories he had to pay the MRP of Rs.350,000 (through bank) whereas he would have got at least 35,000/- less by way of discount (10%) if paid in cash directly. Many others said that on certain items on which there was no MRP, the seller would ask for higher price than the actual price since the seller thinks that the party is getting free money, part of which should go to him also.

4) Between getting the quotation and making the final purchase, the product would have become obsolete and a new model would have hit the market but the beneficiary will not have the advantage of the improved product because he has to buy the item specified in the quotation.

One JC Leader said that some of the items purchased in this way are remaining idle because he cannot use them as newer brands that will manufacture goods more cheaply have come to the market and purchasers will go after them if his products are costlier.

5. Some banks would release the loan and the subsidy together to the client on simple documents but some others would require a number of documents including property mortgage and registration of partnership deed which together would come to around Rs.10,000/- Some of the JC members who had to do both operations reported this.

6. Some banks would not release its share of the loan amount to the customer until government releases subsidy to them. This causes an indefinite wait. Banks which pay the

whole amount (including the not-yet-received subsidy) will charge interest on the money paid as advance, pending receipt of the subsidy from government. This defeats the front-end subsidy advantage of the scheme.

7. Though the Credit Guarantee scheme is available to many JC schemes, banks would prefer collateral and property security which would put the client to innumerable troubles and waste of money. It was found that JC teams are more prone to default payment of loan instalments and at least in two cases, the default ran into several months. There were at least two teams which had defaulted payment for more than two years. Some of those who completed loan payment mentioned that when everything is said, the interest is higher than the subsidy and the party ended up by taking a fresh loan from Bank to pay the existing debt on the project. At the end of the exercise they ended up in debt.

8. The problems in hypothecating family property to the bank by Team Leader or member were pointed out by a few JC Team Leaders. In most cases, the enterprise would have started on the initiative of the Team Leader. Others' contribution will be nominal. When the bank would require hypothecation of property, the leader who does not have property in his name will approach his father who owns the property. He (father) may not be able to pledge the property since he does not know the background and whereabouts of the other members of the JC and how the JC will fare over time. Moreover, other children also have a right over the father's property and they also would raise objection since they may not have a good opinion (especially on financial transactions) about their new emerging entrepreneur brother. Also, no other transaction is possible on the property for the next 5 years.

## 6. Case Studies

Two unique scenarios reported by two JC teams require special mention. Both occurred in Palakkad district.

1) A Job Club with 5 members registered for agricultural business took around 4 acres of land on lease. Got Rs.7 lakh as loan. All types of crops were raised ranging from banana to ginger, turmeric, tuber crops and so on. The banana plants were all destroyed by wind and much of the other crops were overrun by wild elephants, wild boars, monkeys and other animals from the nearby forest. This happened season after season with the result that the partners did not have money even to pay

the huge bank instalments. The crops were insured but on some pretext or other, the money paid by the insurance company was a pittance (Insurance money was not payable for banana plants (the largest segment of activity) because the support poles against the wind were not properly done – only one pole was fixed instead of 2 poles and a cross beam for each banana plant. The concerned Team Leader was saying that while Rs.16,000 was paid for crop damage by the Agriculture Department in the previous year, this year it was reduced to Rs.340/-) No valid reason was given for this drastic reduction. They thought of stopping the business but huge bank loan dues, title deeds of two partners pledged to the bank and many other factors dissuaded them from resorting to this. The team leader fears that three partners out of the 5 whose properties have not been pledged to the bank may leave the club.

2) In another case, five friends joined together and started a dairy farming business. They bought 20 cows many of which were from the neighbouring Tamil Nadu. These cows did not fare well in the Palakkad climate and some of them died (of foot and mouth disease). The amount received from the insurance company was quite small. Then 5 cows died instantly out of electric shock from the barbed fencing which was charged with electricity to ward off wild animals including elephants. All the cows seeing the wild elephants coming towards them were frightened and fled towards the fencing, got electrocuted and died on the spot. The club could not get compensation because they could not prove that the cows died of electric shock. They could not prove that the dead cows were the ones branded by the veterinary department because the surgeon who held the post mortem and who carried the tags with him was arrested by the Police immediately thereafter on charges of bribery and in his absence from office, the evidence was lost. The team leader at the Koottaymmas saying that the burial of the cows using JCB, taking the decayed dead bodies again out for a second post mortem and the doctor’s fee and other incidentals came to as much as the cost of a cow. To make matters worse, one of the partners who was entrusted with Rs.50, 000 for payment of instalment disappeared for one month and the rest of the team found that he had not remitted the amount in the bank. The team is now working with only6 cows and has defaulted payment for nearly two years. The bank has served a notice for Rs.5 lakh

arrears. Only the Team Leader's property was pledged to the bank. He does not know how to get out of the tangle.

We found that in both cases, inadequate planning, inefficient operation and non-familiarity with the terrain were major factors in this fiasco. There was more amateurism than professionalism in running the projects. Lack of proper scrutiny of the proposal even at the bank's level and lack of effective supervision by the DEO were also supporting factors aggravating the situation.

## 6. Question of sustainability

Job Club Scheme came into operation only 6 years ago and it is too early to pronounce any verdict about its sustainability. However, we could say that most of the beneficiaries both at field survey and at Koottaymma said that the scheme is good and should continue. In fact there were three JC team leaders at the Koottaymma who had completed the bank loan payment and were continuing with their projects. They said that they came to the Koottayma meeting to find out if they could get a supplementary loan for developing their business.

The DEOs and Employment Officers also said that the scheme in itself is good but the banks are making it problematic. Like the beneficiaries they also were saying that either the rate of interest should be reduced or government should subsidise the interest.

One major threat to sustainability of the scheme is structural which can be easily overcome. Between the despatch of the application to the bank by the Selection Committee and the issue of loan by the bank there is inordinate delay, not expected by the applicant. Also when it is sanctioned, the applicant will find that a part of the requested amount has been cut. Both work adversely for the applicant. The effect of this dual disappointment was on his/her enthusiasm which got chilled because of the delay and the reduction in amount. Our own finding is that there will be better sustainability for the scheme if something could be done to make the financial side of the scheme smooth. Our recommendations on these aspects are given in Chapter VIII in the light of the situation described above.

-------------------------------------

# V. THE SARANYA SCHEME

## 1. Background

This project, started in 2010, by Government Order G.O.(P) No.81/2010/Employment dated 24/7/2010 of Employment and Resettlement (H) Department, is the latest of the three self-employment programmes of the Government. It comes out of the urge of the Government to provide marginalized women some programmes to keep them gainfully employed so that they could come out of their monotony and misery and enter the mainstream of social life in a meaningful manner. It envisages support for productive employment up to a maximum of Rs.50,000/- of which Rs.25,000 is grant and the other Rs.25,000 is interest-free loan to be remitted back to government in 60 monthly instalments over a period of 5 years. (In exceptional cases, an additional loan up to Rs.50,000 is also given on interest ranging from 3 to 5%). There is an age limit of 18 - 55 and a family income limit not exceeding Rs. one lakh per year. Widows, divorced, legally separated, unmarried (completed 30 years) and abandoned (by husband) women and unwed mothers from ST community are eligible. They should be on the live register of any Employment Exchange in the State. ITI, ITC certificate holders and those who have professional/technical qualifications have priority in this programme.

Applications will be invited by the Employment Directorate of the State periodically through notification. These applications are made available in all Town Employment Exchanges and District Employment Exchanges of the State and filled-in applications can be sent to these offices by qualified applicants along with supporting documents on notification by the Employment Directorate. After preliminary scrutiny, the District Employment Officer will place them before the District Level Selection Committee consisting of the District Collector as Chairperson, and District Social Justice Officer, Kudumbasree District Mission Coordinator, Principal of ITI, General Manager of District Industries Centre, District Information Officer and Self Employment Officer as members and the District Employment Officer as Convener. The Committee will summon the applicant for an interview to ascertain the viability and feasibility of the proposal and the ability of the applicant to execute the project, before passing it for financial support. The Committee can reduce the amount requested for, as per its discretion. Usually only the amount appraised by the Committee will be sanctioned. The Committee can also reject the application or suggest modification on the project and ask the applicant to re-submit it.

Those whose applications are approved by the Committee will be asked to undergo a 6 days' training programme conducted in every district by the Lead Bank of that district. There are special institutes set up by the lead banks for this training. However they are not intended for Saranya alone but also for similar applicants sponsored by other agencies. . They are called RUDSETI in Kannur District and RSETIs in other districts. The Employment Officer (SE) is in charge of monitoring and evaluation of progress of the Saranya projects. (There is mention of Service Centres in the G.O. on Saranya to monitor these units but in none of the Districts was any such Centre found functioning). Repeated default of instalment payments can invite revenue recovery proceedings.

A list of Saranya beneficiaries from the time of its inception is given in Table 1.

## 2. Field Study

As in the case of KESRU and Job Club, we conducted a field study of the Saranya beneficiaries to get on-the-spot information on the state of the art in their work. We selected 30 beneficiaries from each of the 3 selected districts (TVM, KTM and KNR) and interviewed the beneficiaries on the basis of carefully prepared Interview Schedules. These schedules sought information on all basic and relevant data on the beneficiaries and their projects and on the social dynamics of their operation and the outcome of the Saranya project and its impact on them. They also asked for the opinion of the beneficiaries on the project and suggestions, if any, for streamlining and strengthening the project. It is hoped that our inquiry covers all important areas which are relevant to an assessment of the concerns, needs, problems and their solutions as perceived by the Saranya respondents.

The following tables and information are taken from the data on the field survey. In our sample, we had 67 widows, 15 unmarried women, and 8 abandoned/deserted women. There were 5 disabled women (3 widows and 2 unmarried) and 3 respondents from the SC community – all widows. However, we have not analysed our data in terms of this categorization.

**Table 1. Saranya scheme – District-wise data on beneficiaries**

| District Employment Exchange | No of beneficiaries based on financial years | | | | Total |
|---|---|---|---|---|---|
| | 2010-2011 | 2011-2012 | 2012-2013 | 2013-2014 | 2010-2014 |
| Thiruvananthapuram | 53 | 55 | 240 | 173 | 521 |
| Kollam | 59 | 62 | 225 | 281 | 627 |
| Pathanamthitta | 14 | 37 | 84 | 159 | 294 |
| Alappuzha | 28 | 115 | 352 | 251 | 746 |
| Kottayam | 45 | 51 | 153 | 163 | 412 |
| Idukki | 18 | 43 | 79 | 200 | 340 |
| Ernakulam | 15 | 18 | 168 | 337 | 538 |
| Thrissur | 41 | 49 | 106 | 107 | 303 |
| Palakkad | 15 | 66 | 84 | 847 | 1012 |
| Malappuram | 32 | 59 | 92 | 250 | 433 |
| Kozhikode | 16 | 93 | 118 | 227 | 454 |
| Wayanad | 16 | 35 | 41 | 120 | 212 |
| Kannur | 22 | 39 | 80 | 188 | 329 |
| Kasaragod | 15 | 51 | 27 | 37 | 130 |
| **Total** | **389** | **773** | **1849** | **3340** | **6351** |

Source: Data supplied by Employment Department

### Age

Out of the sample of 90 beneficiaries under the Saranya project, 35 (40%) are above the age of 50 which is the highest. 9 (10%) beneficiaries are between the age 30 to 35, 11 (12%) belong to the age group 35-40, 13 (14%) belong to the age group 40-45 and 22 (24%) belong to the age group 45-50. There were no beneficiaries in the age group below 30 in our sample. The following table gives the details.

**Table 2 – Age of the respondents**

| **Age** | **Frequency** | **Percentage** |
|---|---:|---:|
| Below 30 | 0 | 0 |
| 30 - 35 | 9 | 10 |
| 35 - 40 | 11 | 12 |
| 40 - 45 | 13 | 14 |
| 45 - 50 | 22 | 24 |
| Above 50 | 35 | 40 |
| **Total** | **90** | **100** |

### Education

Out of the 90 beneficiaries, 77 (85%) are SSLC or below. This is the largest group. 10 (11%) of beneficiaries have completed Plus 2. Only 3 (3%) are graduates. The break up details is given in table 3.

**Table 3 – Education of the respondents**

| **Education** | **Frequency** | **Percentage** |
|---|---:|---:|
| Up to SSLC | 77 | 86 |
| Plus 2 | 10 | 11 |
| Graduation | 3 | 3 |
| Other | 0 | 0 |
| **Total** | **90** | **100** |

**Number of children**

As seen in the table below, the largest group of beneficiaries, 44 (49%), have 2 children. Then come 22 (24) % beneficiaries who have no children. This group also includes unmarried women. 13 (14%) of beneficiaries have only one child. Those with 3 or above 3 children constitute 11 persons (13%)

**Table 4– No. of children of the respondents**

| No. of children | Frequency | Percentage |
|---|---|---|
| No child | 22 | 24 |
| One | 13 | 14 |
| Two | 44 | 49 |
| 3 and above | 11 | 13 |
| **Total** | **90** | **100** |

**Age of eldest child**

As shown in table 5, the age of eldest child of the largest group of beneficiaries, i.e., 47 (52%) is above 20. Then comes 12 (14%) beneficiaries whose children are aged between 15 and 20 years, followed by 7 (8%) respondents whose children are aged between 10 and 15 years. There is one respondent each in the category of mothers with children between 5 and 10 and under 5 respectively. (The table also includes respondents with only one child).

**Age of youngest child**

Table 6 shows that the age of youngest child of the largest number of beneficiaries i.e., 50 (56%) is above 15. Next comes 18 respondents (20%) whose youngest child is between the ages 10 and 15. 7 (8%) beneficiaries have youngest child in the age group 5 to 10. 3 (3%) beneficiaries have youngest child below 5 years. (The table also includes respondents with only one child). Table 6 gives the details.

**Table 5 – Age of the eldest child**

| Age of eldest child | Frequency | Percentage |
|---|---|---|
| No child | 22 | 24 |
| Below 5 | 1 | 1 |
| 5 – 10 | 1 | 1 |
| 10 – 15 | 7 | 8 |
| 15 – 20 | 12 | 14 |
| Above 20 | 47 | 52 |
| **Total** | **90** | **100** |

**Table 6 – Age of the youngest child**

| Age of youngest child | Frequency | Percentage |
|---|---|---|
| No child | 22 | 24 |
| Below 5 | 3 | 3 |
| 5 – 10 | 7 | 8 |
| 10 – 15 | 18 | 20 |
| 15 – 20 | 50 | 56 |
| **Total** | **90** | **100** |

The logic of taking the information on the youngest and eldest child was this. The two tables 5 and6show the burden of the respondents regarding child rearing and concomitant responsibilities. The fact that the largest number of the respondents have children over 20 years indicates that they have reached a stage when they are free from the responsibilities of nursing and bringing up their children. But the larger problem of finding suitable jobs for children (boys and girls) and match (for girls) remains an arduous task to many, especially the latter (marriage of daughters) which would cost a lot of money. In any case, this group is also burdened with heavy financial as well as physical responsibilities so that finding some source of income will be a great consolation for them.

The other group of widows with younger children would face the problem of their education and supervision of their studies at home. Since mothers with children below 5years were only 3 in our sample, problems of rearing them did not come up as a major issue in our study. However, in the wider population of widows under the Saranya scheme their larger number and consequent rearing problems cannot be ruled out.

**Living with whom?**

This factor is very important for the divorced/separated/abandoned respondents as they are not supposed to stay in the family of birth. The late/former husband's home will not be as cosy now as before. In the case of unmarried women, the problem has a different dimension. They will be mostly residing with their parents. Since marriage is a universal phenomenon in the society, unmarried women will face a lot of social problems including social stigma.

Table 7 shows that 49 (55%) beneficiaries live with their children. 23 (25%) beneficiaries are living with their father or mother. Most of them belong to the unmarried category and some are young widows. 10 (11%) beneficiaries live with their brother or sister. 7 (8%) beneficiaries live alone. All of them in this category have their parental families proximate to their dwellings. Only one person in this sample lives with others

**Table 7 – Living with whom**

| **Living with** | **Frequency** | **Percentage** |
|---|---:|---:|
| With children | 49 | 55 |
| With Father/ Mother | 23 | 25 |
| With Brother/ Sister | 10 | 11 |
| With others | 1 | 1 |
| Alone | 7 | 8 |
| **Total** | **90** | **100** |

**Who takes care of you?**

As shown in table 8, majority of beneficiaries, 49 (55%) are on their own. Then comes 22 (24%) beneficiaries who are being cared by their father or mother and another group of 9 (10%) each who are being cared by their grown-up sons/daughters and brother/sister respectively. Only one beneficiary is cared by others.

**Table 8 –Who takes care of you?**

| **Who takes care of you** | **Frequency** | **Percentage** |
|---|---:|---:|
| Self | 49 | 55 |
| Father/ Mother | 22 | 24 |
| Son/daughter | 9 | 10 |
| Brother / Sister | 9 | 10 |
| Others | 1 | 1 |
| **Total** | **90** | **100** |

**Total yearly family income before Saranya**

As shown in the table, majority of beneficiaries 79 (88%) had an yearly family income of Rs. 1 lakh or below before Saranya. Then comes 6 (7%) beneficiaries who had income above Rupees One lakh. It seems that they forgot for the time being that the Saranya scheme allows only family income under Rs. one lakh for eligibility. The income details of 5 (5%) are not stated. They get irregular income from employment guarantee programme and as domestic help. However, these are irregular incomes and respondents were not able to assess them in annual terms. (Our Investigator tells us that at least two of these respondents had family income above Rs. one lakh but they do not want to reveal it and so thought it safe to be silent).

There is an anomaly in asking for family income. Two scenarios can be envisioned. Please see Tables 7 and 8. One, of course, is the situation which the planners of the Saranya scheme had in mind, viz., the widow is staying with her children and has an income which may be less than Rs.1 lakh, which qualifies her for applying for the scheme. Second: widow is staying with parents or brother/sister; the family has income above Rs. one lakh. The widow may not get the full benefit of this income because of the simple fact that she is a widow. She may have her basic needs satisfied but not any more than that. She may not be able to enjoy the comfort that is being enjoyed by other members of the family for several reasons which centre around widowhood.

Hence, asking for family income of a widow may not do justice to her economic status except when she is head of the family. A widow staying with whomsoever other than herchildren will have all the disadvantages of a widow, whatever be the income status of the family, because society defines her role in mostly negative terms. She may have minimum comforts but other than that she is expected to be modest and has to withdraw herself from more comfortable situations and needs. The case of six widows with family income above Rs. one lakh and two women not stating their family income may be a reflection of the above situation.

**Table 9–Family income before Saranya**

| **Income in Rupees** | **Frequency** | **Percentage** |
|---|---|---|
| One lakh or below | 79 | 88 |
| Above 1 lakh | 6 | 7 |
| Not stated | 5 | 5 |
| **Total** | **90** | **100** |

**Your monthly income after Saranya**

Table 10 shows that majority of beneficiaries, 69 (76%), have a monthly income above Rs 6000 after taking up the Saranya scheme. Then come 16 (18%) beneficiaries who are having income between Rs 5000 to Rs 6000. This is followed by the group of 5 persons (6%) who get an income of Rs 3000 to Rs 5000 a month. No one is getting monthly income less than Rs.3000. This is indicative of the fact the beneficiary is now in a position to have cash of her own from which she could meet her personal needs without having to depend on the good will of others as was the case earlier.

**Table 10 –Monthly income of the respondents after Saranya**

| **Monthly income in Rupees** | **Frequency** | **Percentage** |
|---|---|---|
| Below Rs 3000 | 0 | 0 |
| 3000 –5000 | 5 | 6 |
| 5000 –6000 | 16 | 18 |
| Above 6000 | 69 | 76 |
| **Total** | **90** | **100** |

**What were you doing before Saranya?**

As shown in table 11, the largest number of beneficiaries, 42 (47%), did the same job as now before Saranya. Then come 24 (26%) beneficiaries who were doing some other job. Next comes another 24 (27%) beneficiaries who were doing nothing (unemployed). This category was being taken care of by their children or parents.

**Table 11 – Job of the respondents before Saranya**

| **Occupation before Saranya** | **Frequency** | **Percentage** |
|---|---|---|
| Nothing (unemployed) | 24 | 27 |
| Same job as now | 42 | 47 |
| Other job | 24 | 26 |
| **Total** | **90** | **100** |

**Date of registration with Employment Exchange**

Table 12 shows that 44 beneficiaries (47%) had registered with the employment exchange between 5 and 10 years ago. Then come 30 (33%) beneficiaries who had registered with the employment exchange between 1 to 5 years ago. Next is the group of 4 persons (4%) who had registered more than10 years ago. 4 (4%) beneficiaries have registered with the employment exchange a year ago and 8 (9%) registered this year. Even though there was no rule prescribing the minimum period after registration for eligibility, seniority was a major consideration for selection under the Saranya scheme.

**Table 12 – Date of registration**

| **Date** | **Frequency** | **Percentage** |
|---|---|---|
| This year | 8 | 9 |
| A year ago | 4 | 4 |
| Between 1 to 5 years ago | 30 | 33 |
| 5 to 10 years ago | 44 | 50 |
| More than 10 years ago | 4 | 4 |
| **Total** | **90** | **100** |

**Who prepared the project for you?**

As shown in table 13, majority of beneficiaries, 71 (79%), have prepared the project themselves. Next comes 12 (13%) beneficiaries who had it done by others. 7 (8%) beneficiaries had it done by professional agency. Many of the jobs listed for eligibility under the Saranya scheme do not require professionally prepared projects, any way (e.g. cattle rearing, farming, tailoring) especially when the respondent was in that job earlier.

**Table 13 – Who prepared the project?**

| **Project prepared by** | **Frequency** | **Percentage** |
|---|---:|---:|
| Self | 71 | 79 |
| Others | 12 | 13 |
| Professional agency | 7 | 8 |
| **Total** | **90** | **100** |

**Place of running the project**

As shown in table 14, majority 76 (i.e. 85%) of the beneficiaries run the project in their own premises. 12% run the project in rented premise and 3% runs the project in kin's premise. Doing the job in one's own place has several advantages besides not having to pay rent. There is no need for working hours, one can also do household chores and take care of children and home management while running the shop at home. This is very important for a woman.

**Table 14 – Place of business**

| Place | Frequency | Percentage |
|---|---|---|
| Own premise | 76 | 85 |
| Kin's premise | 3 | 3 |
| Rented premise | 11 | 12 |
| **Total** | **90** | **100** |

**Date of starting the project**

Table 15 shows that 6% started the project this year,41% started the project last year and another 43% of beneficiaries 2 to 3 years ago. 10% of beneficiaries started the project more than 3 years ago i.e., in the first year of its introduction (2010-2011).

**Table 15 – Year of starting the project**

| Year of starting the project | Frequency | Percentage |
|---|---|---|
| This year | 5 | 6 |
| Last year | 37 | 41 |
| 2 to 3 years ago | 39 | 43 |
| More than 3 years ago | 9 | 10 |
| **Total** | **90** | **100** |

**Amount applied for**

As shown in table 16, majority ( 88%) of the beneficiaries applied for the amount of Rs 50,000 which is the maximum permissible under the scheme. 3% applied for amounts between Rs 40,000 to Rs 50,000 . 6% applied for Rs 30,000 to 40,000 and another 3% applied for less than 30,000.

**Table 16 – Amount applied for**

| **Amount in Rupees** | **Frequency** | **Percentage** |
|---|---:|---:|
| 50,000 | 79 | 88 |
| 40,000 - 50,000 | 3 | 3 |
| 30,000 – 40,000 | 5 | 6 |
| Less than Rs 30,000 | 3 | 3 |
| **Total** | **90** | **100** |

**Amount received**

Table 17 shows that the largest number of beneficiaries 39 (43%) received the full amount of Rs 50,000. 6% received the amount between Rs 40,000 to Rs 50,000. 20% beneficiaries received amounts between Rs 30,000 to Rs 40,000. 28% of beneficiaries received the amount between Rs 20,000 to Rs 30,000 and 3% received amounts below Rs 20,000. The reason for getting amounts lesser than what was applied for are mainly two. The selection committee thought that the applicant needs only the sanctioned amount for the project applied for and the applicant lacked the skill to argue her case before the committee. The other reason was that the funds for that year were limited and had to be distributed equitably among the applicants.

**Difficulty in getting approval for the project**

A majority, 83 i.e. (92%) of beneficiaries faced no difficulty in getting approval for the project though the amounts sanctioned were lesser than the amounts requested for. 8% faced some difficulty, mainly because the application was not in order or the required certificates were not produced or the budget estimate was loosely prepared.

**Table 17 – Amount received**

| **Amount in Rupees** | **Frequency** | **Percentage** |
|---|---|---|
| 50,000 | 39 | 43 |
| Between 50,000 –40,000 | 5 | 6 |
| Between 40,000 –30,000 | 18 | 20 |
| Between 30,000- 20,000 | 25 | 28 |
| Less than 20,000 | 3 | 3 |
| **Total** | **90** | **100** |

**Working part-time or full time?**

Majority (90%) of the respondents work in the project full time. 10% of beneficiaries work in the project part time. This latter group was working from their homes.

**Helper or not**

A majority (68%) of beneficiaries do not have any helper. 23% have helpers but the helpers were not full time. In some cases, the helper was a relative, usually a young girl who had finished school and had not settled on a job. 9% had full time employees.

**Profit made last year**

Table 18 shows that 14% beneficiaries made very good profit, 25% made reasonably good profit, 47% made some profit but 14% made no profit.

**Table 18 – Profit obtained last year**

| **Profit last year** | **Frequency** | **Percentage** |
|---|---|---|
| No profit | 13 | 14 |
| Some profit | 42 | 47 |
| Good profit | 22 | 25 |
| Very good profit | 13 | 14 |
| **Total** | **90** | **100** |

**Regularity in repayment of loan**

As shown in Table 19, 48% beneficiaries are regular at paying back the loan instalments. 46% made occasional default while 6% admitted that they were irregular in paying the instalments. By and large, no one was a permanent defaulter in our sample even though some received notice from the Employment Exchange for defaulting several instalments.

**Table 19 – Payment of loan instalment**

| Regularity in loan payment | Frequency | Percentage |
|---|---|---|
| Regular | 43 | 48 |
| Occasional default | 41 | 46 |
| Irregular | 6 | 6 |
| **Total** | **90** | **100** |

**Status improvement after starting Saranya**

One of the indictors of success of a project is addition to income. Addition to income brings two elements –empowerment and status increase. Indeed both of them are the markers of success of the Saranya scheme as these contribute a great deal to the beneficiary's position in society. Indeed one could even go to the extent of saying that the success of the Saranya scheme could be measured in terms of the power and prestige enjoyed by the Saranya beneficiary. Accordingly, our study tried to measure the changed position of the beneficiary by asking the respondent whether she has made any improvement in her status which was measured in three spheres – in the family, among friends and peers and in the community at large. The results are given in the following three tables (20 to 22)

**a) Status change in the Family**

Table 20 shows that 45 (50%) beneficiaries perceived that their status in the family had increased considerably after taking up the Saranya project. 27 (30%) beneficiaries said their status in the family increased but only to some extent, while 18 (20%) perceived no improvement in their family status after engaging in Saranya activities. Our Investigator observed that most members of this group were engaged in the same field before and the family members did not perceive any noticeable change in their work.

**Table 20 – Status change in the family after the project**

| In the Family | Frequency | Percentage |
|---|---|---|
| Increased considerably | 45 | 50 |
| Increased to some extent | 27 | 30 |
| No increase | 18 | 20 |
| **Total** | **90** | **100** |

**b) Status among friends**

As shown in Table 21, a majority (57%) of the beneficiaries said that their status among their friends had increased considerably after they took up the Saranya scheme. 28% said that their status increased to some extent, while 15% did not find any improvement in their status among friends.

**Table 21 – Status change among friends**

| Among Friends | Frequency | Percentage |
|---|---|---|
| Increased considerably | 51 | 57 |
| Increased to some extent | 25 | 28 |
| No increase | 14 | 15 |
| **Total** | **90** | **100** |

**c) Status in the Community**

Table 22 shows that a majority (66%) of the beneficiaries perceived that their status in the community had increased considerably. 23% beneficiaries perceived status improvement to some extent only while 11% did not feel any improvement in their status in the community.

The three tables show that the new self-employment scheme under Saranya has contributed to raising the status of the beneficiaries in all spheres of life – within the family, among friends and in the community. This should be considered as a significant contribution of the scheme to the Saranya beneficiaries who had been under several privations and inadequacies and who, by and large, were invisible, or even if visible, were under social stigma which was haunting them like a shadow.

**Table 22 - Status change in the community**

| In the Community | Frequency | Percentage |
|---|---|---|
| Increased considerably | 59 | 66 |
| Increased to some extent | 21 | 23 |
| No increase | 10 | 11 |
| **Total** | **90** | **100** |

**Feeling of empowerment**

Empowerment of marginalized women has been an important consideration of the government in introducing the Saranya project. Our study shows that this has been achieved to a very great extent, as is felt by the Saranya group. As shown in table 23, 47% of the beneficiaries said that they feel empowered to a very great extent now than before they took up the Saranya project, 31% stated that they have felt empowered to a great extent, while 15% felt empowered to some extent only. However, those who felt no empowerment were only 6 out of 90 respondents (7%).

**Table 23 - Feeling of empowerment**

| Feelings of empowerment | Frequency | Percentage |
|---|---|---|
| To a very great extent | 42 | 47 |
| To a great extent | 28 | 31 |
| To some extent | 14 | 15 |
| Not at all | 6 | 7 |
| **Total** | **90** | **100** |

**Opinion about the officials**

We asked our respondents whether they experienced any difficulty from the officials at any stage in processing their application. 71 % of the respondents stated that they have very good opinion about the officials, 18% beneficiaries said they have good opinion about the officials and only 11% beneficiaries do not have good opinion about the officials.

This last group had different reasons for their stand. Officials warned about the lack of progress of their project, warned them about RR when they defaulted payment of instalment, did not yield to the request for additional assistance and so on. We found that these were personal and not based on the usefulness of the scheme.

**Opinion about the project in general**

Table 24 shows that 86% beneficiaries said that the project is very good and 14% beneficiaries feel the project is good. None of the respondents had an adverse opinion about the project.

**Table 24 – Opinion about the project in general**

| **Opinion** | **Frequency** | **Percentage** |
|---|---|---|
| Very Good | 77 | 86 |
| Good | 13 | 14 |
| Not Good | 0 | 0 |
| **Total** | **90** | **100** |

**Recommendation to friends**

All the respondents without exception stated that they will surely recommend the Saranya Scheme to their friends. Some of them said that they have already told their fiends about it and have persuaded them to apply next time.

Do you have any suggestions to make –regarding any needed change, inadequacies or additions/ modifications to the existing scheme?

We received number of suggestions and most of them were repetitive. We also received similar and in many cases identical suggestions from the beneficiaries at the Koottaymma session. Hence these two sets of suggestions have been edited and given at the end of the section on Koottaymma given at the end of this Chapter (Section 5)

## 3. Summary

We had 90 beneficiaries in this group from the three districts. 40% of them belonged to the age group above 50 and 24% belonged to the age group 40-45. This means that 64%, i.e., slightly around two-third of the beneficiaries were above 40 years. 85% of them had education only up to SSLC. Two children were the mode for 49% of them. 52% had children above 20 years old and 56% had children 15 years or below. 55% were living with own children and 25% were living with father or mother. In the case of 55% the beneficiary was taking care of herself and 24% were taken care by father or mother.

47% were doing the same job as at present and 27% were doing nothing.

After taking up Saranya scheme, the monthly income of 76% of the beneficiaries rose to Rs.3000 and above. None of them had income below Rs.1000.

In the case of 78% respondents the project for presentation to the Employment Exchange was prepared by themselves. Only 8% approached any professional agency for preparing their projects. 85% of the women were doing business in their own houses, 88% applied for the maximum amount of financial support permissible under the scheme (Rs.50,000) but only 43% received that amount. 28% received between Rs.20,000 and Rs.30,000. Only 39% made any good profit out of the scheme and 14% did not make any profit.

As regards repayment of the interest free loan, all except 6% were regular in repaying the loan.

An important outcome of the Saranya scheme was the gain made by the beneficiaries in terms of status. So far, they were an excluded category without any help from anybody and without much bonding –with family members, friends and community. After taking up the scheme they found that their status in the family increased considerably (50%). Among friends the status gain mentioned by the respondents was 57% and in the community it was 66%. Naturally they felt more respected now than before Saranya. (47%) Only 7% felt that they have not improved in terms of empowerment. To the question whether they have a feeling of empowerment after running the project, all of them said yes. Many of them said that after taking up the scheme they felt confident in facing other people and talking to them without being timid as before, and doing things or getting things done at their will.

## 4. Koottaymma

Among the 3 Koottaymmas that were organized by us, Saranya accounted for the largest number of participants – 294. This is because there is an organic relationship of Saranya scheme members with the Employment Exchange offices as members got an opportunity to meet them and to have dialogue with them during their monthly visit to EE Office to pay their instalments.

The District Employment Offices sent more or less the same number of communications to the beneficiaries of all three schemes in the district for the Koottaymma. But the response was poor from KESRU and Job Club members who seem to have a feeling that they have nothing to do with the DEO office once the bank issues them the loan.

Many of the Saranya beneficiaries had problems mainly relating to their families. They did not seem to differentiate between their job and household matters. They had no fixed working hours and treated the job as part of their domestic work.

**Here are a few commendations on Saranya.**

**Fathima Beebi**, Kottayam 39 had married from another religion, which created a furore in the family which has several Hajees. Her husband died 5 years ago but husband's family was accommodative, so she and her 3 sons stayed with them. But the sons were quite young and had reached nowhere. Saranya has helped her a lot. She now owns a shop and sells stationery, provisions, fruits and vegetables. She says that she had seen many mothers pleading before others for small amounts of money and other favours. "I am saved that plight thanks to Saranya. I am happy that the scheme has enabled me to stand up on my own legs before my parental family which has totally disowned me".

**Susheela,** a tailor got Rs.50,000 and started tailoring work in her house. She bought a double machine which can make embroideries and other items. Her sister in law is good in embroidery work and both work together. They get good orders and want to expand the business and move to a roadside building. She also wants to buy one more machine to teach students who now come to her seeking apprenticeship. However, money is a problem for expansion. But the woman is happy and contented and thanks Saranya scheme for her smooth resettlement after being widowed.

**Ramani,** SSLC., one child 12 years, husband died of cancer, mother old and has difficulty in walking. She gives tuition for lower class students. But the money was not enough for the three of them. So her gold chain was pledged to buy a goat. Then Saranya came to her rescue, she got Rs.30,000, purchased 2 more goats with Saranya moneys. Now she is happy but wants to expand her tuition for which she has to buy some furniture and improve her class room. But lack of money is curbing her ambitious plans. Anyway, she is happy that she got Saranya help at a critical time in her life.

**Prabhavathi,** widow, has three children in their early twenties, all jobless, has a frail old mother-in- law, sickly old mother and blind sister-in-law, got Rs.50,000 from Saranya, makes washing powder and toilet soaps, lotion and cleaning materials. She has a shop given by Municipality, hence low rent, has a girl assistant for help, and gives the products in offices, banks and similar employee-centred offices. She says that because of the quality and reliability of her products, she has no problem is their sale. (She brought samples of these items to the Koottaymma for demonstration) But for Saranya, she says her life would have been hell with all the sickly dependents and three unemployed children around her.

A different kind of job is being done by **Valsala Kumari** with a family consisting of old parents and a 10 year old son. Husband died of heart attack a few years ago. She was making Iddlis before getting Saranya grant but on a very small scale with her old parents helping her in a limited manner. This was because she and the family for that matter had no other means of livelihood. She got Rs.50,000 from Saranya and now employs 10 ladies and makes around 500 to 1000 Iddlis a day depending on order . Customers come to her home and buy their requirements. The family is now secure, thanks to Saranya, she says. (She makes a brand of Iddly called “Ramasseri Iddly” which is famous in the South Malabar area. Her parents were famous Iddly makers in their primes). She brought a few of the Iddlis to the Saranya meeting.

**Sunanda** (widow) has a different kind of story to tell. She makes a living with only one cow bought with Saranya money. People are asking her “why do you go for this work in this old age”. Everybody knows that for an old woman keeping a cow is a strenuous job. Everybody also knows that her kin though not affluent will help her if needed. Her answer is “If I needed ten rupees, I do not have to bow before anybody begging for this money”. She meant her kin who also were persuading her against this arduous job in her old age. She says: “I am proud of my cow; I am proud of Saranya”

However, the scheme has not been all rosy and to some it did not give the promised world.

**Here are two examples.**

In one case **(Ramani)** an unmarried woman was persuaded to apply for a tailor shop by her brother with whom she was staying. But when the amount was sanctioned, the brother objected (she thinks because of her sister-in-law's persuasion)saying that opening a tailoring shop in his house will affect the privacy of the family. The lady could not go to an outside area for running the tailor shop for security reasons and the project ended there.

In another case, loan was obtained for cultivation of plantains, and other cash crops by a widow. Work was done by the brother though the money came through the medium of the sister. After some time, the brother lost interest in cultivation and the project could not go forward.

**Mary a**pplied for goat farming. "Got Rs.30,000. Bought 5 goats, one died, one was sold. I was staying with brother and family who later shifted to a new place, a small place. There was no convenience for rearing goats; the family did not like the smell coming from the shed which was attached to the household, also no place for letting the goats out for grazing. So, two goats were sold. I now have only one goat left. I know tailoring but seven years ago I had a fall and one leg got affected. Hence I cannot go back to that job. Remitted Rs.10,000 of the loan and only 5,000 remains. Have Rs.8000 left, being the price of the goats sold out. Do not know what to do now. Brother who was all the time protecting me went to gulf. Saranya was my hope, now I am at a loss to know what to do".

Here is a case of an unmarried woman staying with her two other unmarried sisters. They had a cow earlier, now with Saranya subsidy (Rs.35,000) she bought one more cow which cost her Rs.32,000. After some time, the first cow developed symptoms of foot and mouth disease so it was sold. "We (all three) are looking after the cow bought with Saranya money and it is giving us an income adequate enough for us to lead a modest life. We treat the cow as our means of livelihood. If we can get some more grant we could buy one more cow and make life a little more comfortable as before".

## 5. Suggestions from beneficiaries

We now give the essence of the suggestions that came out of the field study and Saranya Koottaymma discussion.

**1.** Those who received the full amount said that the amount should be raised to one lakh instead of Rs.50,000 as at present.

**2**. Those who received less than what they had applied for said two things: (1) They should be given the balance of the amount which was reduced from their application; (2) all applicants should be given the sums applied for.

**3.** Some respondents said that there was great delay in receiving the grant after they had completed their training. This should be avoided and as soon as they complete their training (in RUDSET and RSETI) they should be able to start the project. (During the last notification inviting applications for Saranya scheme, there were an unexpectedly large number of applicants and government was not able to provide funds for all of them. What the different DEOs did was to send the selected applicants for training in batches and ask them to wait for their turn for grants. The complaint related to these persons)

**4.** The Employment Officer (SE) should give them suggestions about how to improve their performance. (In goat, cow and chicken farming, they should be put in touch with experts from the government departments of agriculture, animal husbandry, etc.)

**5**. Employment Officer (SE) should recommend additional grant/loan to them to complete their originally prepared scheme.

**6.** Government should organize periodic "Melas" where they could sell their products or meet other beneficiaries and exchange experiences and insights.

**7.** Concerned department officials should be advised to issue to them the required certificates and documents for application on a priority basis on the ground that theirs is a government sponsored and supported scheme.

**8.** These officials should also treat them sympathetically when they come for inspection (Sales Tax Officials, Food Inspectors, Environment/Pollution Control Officials, even Panchayat/Municipal staff).

**9.** Electricity tariff should be reduced for shops that use a lot of electricity (Computer/DTP/Photocopier Shops, Clinics, Bakeries, etc.)

**10.** The present amount of Rs.50,000 is quite inadequate for running certain businesses and the amount should be increased at least to one lakh. The examples given were cow rearing, goat farming, DTP, beauty parlour and even running fancy stores which are the favourite items of Saranya applicants.

**11.** Some beneficiaries pointed out that there are a number of women in their network who badly require support under this scheme but are presently out of it due to restriction on eligibility. These are women with severely ailing husbands, women who have to look after their old and ailing father or mother or both, and women with severely handicapped children. Such women do not have any source of support and do not become eligible under the present setup. In our own samples, we found widows and unmarried women having to look after chronically ailing members in their families besides their own children.

## 6. A Note on Sustainability of the Scheme

We shall now examine the sustainability of the Saranya scheme. As mentioned about Job Club, the scheme has been in the field for barely 4 years.

But within the short period, it has attracted more beneficiaries and received applause from almost all the beneficiaries. There are more plus-points that make Saranya a popular scheme. The transparency of the scheme, the simplicity of its operation and the contact the beneficiaries have with the Office of the DEO and, above all, the avoidance of the bank in the disbursement of the grant and re-payment of the loan – all make the scheme quite attractive to the beneficiary. Of course there have been cases of default in the payment of the interest-free loan but this is because of an inherent weakness of the scheme.

Many mix their spending on business with spending on household items - medical expense on a dear kin, repayment of an old loan, expenditure on repair of house, education of child and so on. One has to remember that the beneficiaries are women who suffer from many privations –social and economic – and should not be surprised if they use part of the amount on their most pressing domestic needs. Naturally this would put them into trouble as the tight budget on the Saranya project will not permit any diversion. We have report that this lot is strenuously trying to pay back the loan even when it fell into several instalments of arrears. One lady told us “I do not want the RR officials coming to my house and taking away all household items; that will let me down in the eyes of my neighbours and peers”.

We do have report from all Districts that some beneficiaries have fallen on default and have gone to the extent of getting notice of recovery. Some such cases have been reported to the Directorate because the problem of recovery is baffling the DEO – the beneficiary died and there is no asset to be attached. In one case, the beneficiary became insane and is in a mental hospital.

Many beneficiaries have entered their business without any previous experience and they have no one for help or consultation in adversity. Naturally this will tell upon their ability to pay back the loan. But we found that counselling by the Employment Officer has brought most of them back and ready for paying back the arrears.

**What we want to point out is that Saranya is intended not only as economic measure but also as a social device to lift the beneficiaries from their marginal and excluded status.**

The incumbents feel that the scheme has empowered them even in the midst of the vicissitudes of their family and business life.

Hence what we want to emphasise in the case of Saranya is that sustainability should be interpreted not only in terms of the capacity of the project to continue independently but in term of its capacity to enable the beneficiary to stand on her own legs and to overcome her marginality and exclusion from the main stream of society. Our field study findings and the voice of the Saranya beneficiaries both indicate that the Saranya scheme within its limitations has been able to achieve a considerable part of its objectives. We are suggesting here two additives to buttress the scheme

(1) *The Employment Officer has a special role in this scheme****. He/she should play the role of guide, philosopher and friend to them*** *and should constantly monitor the progress, of their projects, especially those which fall or have a tendency to fall sick.*

*(2) We are also suggesting two types of loans for solving some of the problems faced by the beneficiaries in the course of their business life –* ***a crisis management loan and a development loan****. This could correct many problems threatening sustainability.*

A small minority of beneficiaries may not be amenable to these and in their case recovery proceedings could be taken or in bad cases, the whole loan may be written off, - as in all good projects there will be a small percentage of failure.

--------------------------------------

# VI. LENDING BANKS AND THE BENEFICIARIES

## 1. Role of lending banks

The most critical factor in two of the three self-employment schemes of the Department of Employment is the pivotal role played by the lending banks. The beneficiaries of both KESRU and Job Club depend on commercial banks for a major part of their capital requirement. In the case of KESRU, the banks give 80% of the money for the scheme. For Job Clubs, the Bank’s share comes to 65%. For KESRU, Government gives 20% as subsidy, for Job Club, Government subsidy is 25% but limited to Rs. 2 Lakh. But since the upper ceiling of total loan for KESRU is only Rupees One lakh, the maximum subsidy is only Rs.20,000. In the case of Job Clubs, the loan amount can go up to Rs.10 lakh including government subsidy so government has limited the subsidy to maximum of Rs.2 lakh. In both schemes, the beneficiary is attracted more by the Government subsidy than by the offer of loan by the bank. Even so, entrepreneurial skill and hope of getting salvation from the long period of unemployment lure a forward-looking unemployed person to take up and run one of the schemes as is appropriate for his background and ambition. However, when he approaches the bank for its share of the capital, he does not know the full implications of a bank loan. Neither the Bank which he approaches for loan nor the Employment Exchange which sends him there properly appraises him of the full implications of the bank loan vis-a-vis the project. Many of the problems of the beneficiary arise out of this anomalous situation.

For loan purposes the government has identified certain banks in the different Block Panchayats which have agreed to cooperate with it on the two schemes. A prospective applicant under KESRU or JC will have to get the services of the bank located in his/her service area and only in exceptional cases will he/she be permitted to go to another bank for getting loan and for availing subsidy. Overseeing the activities of these banks at the district level, there will be a Lead Bank and a Lead Bank Manager (LBM). Lead Banks also run training programmes for prospective entrepreneurs. Lead Banks and their training programmes are not meant for KESRU and JC alone. They are for all government sponsored employment programmes in the district including Saranya (for training only). In fact, in these bank loan programmes, the share of KESRU and JC members is very small. There are Block Level Bankers' Committees (BLBCs) and District Level Bankers Committees (DLBC) whose role is to examine the loan situation in the concerned areas. BLBCs are chaired by the Block Panchayat President and DLBCs are presided over by the District Panchayat President. In both these meetings, managers of the concerned service banks participate. The District Employment Office (DEO) is represented in these meetings through the Employment Officer (SE). In the BLBC, usually the local Town Employment Officer attends.

Beneficiaries having complaints with their banks present their complaints to the Employment Officer and he takes them to the meetings of the BLBC or DLBC. Issues that could be sorted out at this meeting are settled there, others are taken up subsequently by the LBM with the concerned bank for corrective action. The delinquent banks do not always accept the advices of the LBM, quoting their banks' rules for justification of their action. (Each bank has its own rules on loan issue and each manager has his own discretionary power in granting or withholding loans). Neither the LBM nor the EO (SE) can over-rule the decision of an obstinate Service Bank Manager. (What is more, the relevant rules in both KESRU and JC Schemes give this immunity to the Bank Managers).

A point that came up again and again eloquently in our discussion with the beneficiaries of KESRU and Job Club schemes at the Koottaymma in all the 9 Districts was the negative role played by many commercial banks in financing these projects. It may be stated that 80% of the outlay for KESRU and 65% of the outlay of Job Clubs are to be given by banks on interest as per their rules. Interest rates varied widely from Bank to Bank (from 11% to 17.5%). The Government subsidy for KESRU was back-ended and for Job Club it was front-ended. In the case of back end payments the bank will keep in hold the amount of subsidy given by the Govt. It will be released only when the customer pays all the amounts due to the bank on his/her loan account. Front-end subsidy means that the government expects the bank to release the total loan amount (including government subsidy) to the applicant as soon as the subsidy amount is received by the bank from government.

What the banks did in most front-ended subsidy cases, as reported by the beneficiaries and verified by us with some of the banks, was that the Banks will keep the subsidy in the current account of the beneficiary and as security (caution deposit) and will give it to the beneficiaries only after all the dues to the bank on account of the loan are cleared by the beneficiaries. Since the period of the loan extends to five years with a locking up period of

3 years to prevent the beneficiaries from fore-closure of the loan, the interest that the beneficiaries have to pay on the Bank's share of the capital will be enormous - it could be as much as, and sometimes even more than, the subsidy itself. Some Banks give Overdraft (OD) to the beneficiaries on the basis of the Government subsidy kept in the current account as security but ODs carry interest. Back-end subsidies are kept by the bank till end of the loan period (5 years) for possible deduction in case of loan default by the beneficiary. Though this amount should carry interest, most beneficiaries do not feel that the banks pay interest on this back-end subsidy.

## 2. What purpose does the subsidy serve?

In the case of JC, many of the beneficiaries did not know that the government subsidy was front-ended and hence did not very much care to check whether the Bank has included it in the total loan advanced to the client. In a few cases the bank entered the government subsidy in the beneficiaries' account and issued it along with the release of the Bank's contribution. In some cases this was put in a separate current account of the beneficiary and the client was given the option for Overdraft on it. Interest was charged on Overdrafts. In both schemes (KESRU and JC) some banks would issue the full amount of the loan without waiting for the government contribution. In that case, the Bank will charge interest on the full loan amount issued to the client but will reduce interest on the government subsidy when received. By and large, the bank will issue only that part of the loan which is to be given by the bank until government subsidy arrives. An embarrassing element of the subsidy part of the loan is that sometimes the government would take three or more months to release its subsidy and some banks will wait till the subsidy arrives to release the loan to the party.

There was another complaint regarding the issue of the loan by the Bank. Only few beneficiaries reported prompt receipt of the loan from the bank after sanction from the District Employment Exchange (DEE) office. On an average, after despatch of the project by the DEE office to the concerned bank for issue of the loan, the bank delayed payment of the loan by 3 to 6 months before issuing it. Delay in payment by the bank was found to be on some technical ground or sometimes on no apparent ground. In some cases the delay was 6 to 12 months or even more and in at least three reported cases, the delay went up to 18 months. In some rare cases, it was reported that the party would abandon his project due to inordinate and indefinite delay on the part of the bank but in the meanwhile, the bank would have cleared the project and the subsidy would have arrived. The Bank then would return the subsidy to the Government. We do not have the exact number of such cases but we have figures on applications rejected or not approved by banks. Their number is formidable as Tables 1 and 2 in this Chapter indicate (see later**). Such colossal waste of human labour and resources should make the government think on how to avoid such situations.**

We give below the experience of one of the Job Club Teams for illustrating our point, though this is an extreme one. But other cases closer to this one have also been reported to us.

**Case of Alice Mathew (name changed)**

This case is reported to describe the long ordeal and physical and mental agony involved in getting a Job Club loan. This happened in a Job Club where 3 ladies applied for financial support to the Employment Exchange (EE) for starting a Beauty Parlour cum Beautician Training Programme. The application was approved by the Selection Committee for Rs.6 lakh and forwarded to the bank in their service area. On that bank's disapproval, it was referred to a second bank which also refused to entertain the application. The third bank to which it was then referred said that since this is the first application received by the bank and since the amount involved was big it has to refer the matter to the Divisional Office situated in another district. Continuous enquiry by the Team Leader of the Job Club about the status of the loan received a reply of "no response from the Divisional Office". Finally, after 3 months, the reply came saying that since the project involved a big amount and several people, a partnership deed had to be executed and registered.

So the team went to an Advocate for this and he said that the matter has to be acted upon by the office of the State Registrar General at Trivandrum for which they have to e-File the application. This was done after some delay from the advocate's office. Finding no reply from the Registrar's office, the party went to Trivandrum to expedite the matter. Indeed they had to visit Thiruvananthapuram three times for getting the sanction. Finally the Bank demanded landed property as surety. This took another one month. At the very last point the Bank said that the Team Leader is over-aged. She had to approach the EE office again to get a letter stating that at the time of sanctioning the loan by the Selection Committee she was within the prescribed age limit. The woe did no end here. The bank then asked for a number of certificates - rent agreement from the landlord, licence from the local government, electricity and water connection and so on.

Thinking that the shop could be opened immediately after the EE sanction of the project, the Team negotiated with a Landlord for a shop in a prime location. They paid an advance (deposit) of Rs.25,000/- and monthly rent of Rs.2,000/- Since the project could start only 18 months later, they had to pay idle rent for 18 months (Rs.2000 x 18 plus interest free deposit of Rs.25,000). All told, the party said that it had to spend Rs.75,000/ (professional fee for preparing the project, advocate's fee, partnership registration charge, property mortgage charge, rent advance deposit and rent payment for 18 months, three trips to Trivandrum for 2 persons and other miscellaneous expenses) for starting the business. The Team Leader said that at one point they even thought of abandoning the entire project. However, the loss of a huge amount already incurred on one side and the resolve to start the business at all costs after the long ordeal made them move forward on the project.

One good thing about the episode is that the team is now happy with the project and is doing good business. It would have been happier if the project was started promptly thereby avoiding a huge waste of time, money and mental agony.

There were cases where the bank would summarily refuse to entertain the application sent to it with due recommendation. There seems to be reluctance in the bank's acceptance of the applications approved by the Selection Committee for issue of loans. Some banks openly showed their resentment towards the applicants saying the government sends a number of persons under different schemes and all of them will default and even disappear after some time, making it difficult or impossible for the bank to recover the loan from the parities. This will add up to the bank's Non-Performing Assets (NPA) that will act as a black mark on the branch and the branch manager.

Many banks are suspicious of being able to recover the advanced loan amount. Many say that this will affect their standing with the bank management and will tell upon their future career. Many will excuse themselves on the ground of an expected transfer. At the same time, newly arrived managers would delay the processing of the application first on the ground that they have not seen the application and then after locating the application they will say they have to study the project, then they will say, come after a month, then when the client meets them on the appointed day, they will be busy with a number of (more creditworthy) clients, and would make them sit till evening only to be told to come the next day. This happened with a lady (KESRU) with a child in arms (see Chapter 4) who complained that she had to wait like this several days even when she came to see the Manager by appointment. Justifications on the part of the manager were not wanting. He is in the process of search, the application requires further documents, additional securities, and so on. Many of the beneficiaries were saying that the bank will mention about the required documents in a piecemeal manner, i.e. about only one document at a time and about another document when the first document is produced, and so on.

The several visits which these excuses require will waste the client's whole day and will be at the expense of a day's wage and a huge amount of money on transport and food not to speak of the mental agony and physical strain in having to wait from morn till eve only to be told to come the next day and without any surety that on the next day the matter will be settled.

It seems customary for most banks to raise some objection – incompleteness of details on the project, inadequacy of documents and lack of clearance from the municipal/health/environment authorities and so on. (These should have been done by the Selection Committee). They will not give a complete list of objections to be cleared or documents to be produced at one time but would ask them to produce these one after another, which will take several weeks for them to procure and more money on the several trips and visits to the same or different offices that this would entail.

Then there are cases of the Bank reducing the amount of the loan approved by the Selection Committee on feasibility/viability grounds. Each Bank will appraise the feasibility and viability of the project, the capability of the applicant and other indicators as per its norms before granting the loan. These norms vary from bank to bank and their interpretation differs from Manager to Manager.

Banks do not give the clients a repayment schedule with splits on interest and capital, rate of interest and duration of the repayment so that the party could have a time table for repayment and could calculate in advance the total interest to be paid on the loan. Hopefully, this would have made him more earnest in repayment of the loan and interest.

One JC beneficiary said that his government subsidy was not entered in the bank or any of the documents issued to him by the bank and interest on subsidy was not deducted from the money collected by the bank as loan instalment.

A woman (KESRU) applied for one lakh, was sanctioned only Rs. 50,000 of which the bank gave only Rs. 25,000 as first instalment saying that the balance will be given later. Three managers changed in the meanwhile and that caused additional delay in getting the second instalment.

Sometimes subsidy comes to bank only after a few months. The Bank would pay the whole amount in advance, i.e. before receiving the subsidy from the government. The party has to pay interest for the whole period from beginning of the loan till the subsidy is received from Government.

There are other problems for the client. In the hope of getting the project approved, he will take a building where he has to pay a deposit and monthly rent. He will get the project only after several months while he has to make dead investment all the time. (Similar instances were quoted by several beneficiaries; vide Alice Mathew's case cited above).

The worst situation is when the applicant will not get the project approved at all by the bank. Nobody knows this plight of a KESRU or Job Club applicant because he disappears from the picture altogether. In most JC projects, the party had to pay to the consultant around Rs.5,000/- as project preparation fee. Here, the attitude of the designer/architect is that the party is getting a lot of free cash and he (architect) is justified in channelling apart of it to his coffers through a higher fee than warranted. What happens to those whose applications are rejected by the bank after their having invested a lot of time and money on it is not enquired into.

One problem in having to submit property as security is this. In most cases, the applicant will not have any property. It will be in most cases belonging to the father.

One person asks: "If I had land and building, why should I go to the Bank for getting this small amount?"

If the property belongs to the father, which is usually the case, and the father agrees to pledge it for the son, other children would object or he (father) may not get back the document when he requires it for other transactions. We had several such cases.

Another situation is: In the case of job clubs, usually property has to be pledged and this is being done by the Team Leader. But if for some reason the club does not fare well, he and his property will be held liable and the other partners will go scot free. This has happened in some cases.

If the bank insists on mortgage of land as security, which many banks do, the following documents naturally follow.

1. Title deed of the property,
2. Original deed basic to the title
3. Non liability certificate on the property for 13 years.

4. Possession certificate
5. Location certificate
6. Tax receipt for the current year
7. If the property belongs to another person, in addition to the above listed documents, the owner's notarised agreement on stamp paper, sometimes transfer of right over the property to the KESRU/JC applicant etc.

Depending on the nature of the business, other documents can be called for.

- Rent agreement
- Certificate from Pollution Control Board, Electricity Board and Water Authority.
- Certificate from the Food Inspector, Animal Husbandry Dept.
- Licence from the Municipality/Village Office
  (List incomplete)

Many beneficiaries were complaining that if the bank had given them a whole list of the required documents at the very beginning, this would have saved much trouble, money and time for them because for some certificates the client will have to go to the same office over and over again.

In projects where purchase of machinery is involved – as in most cases (even purchase of sewing machines), quotation on their prices is necessary. We are told by the beneficiaries that the suppliers most of the time quote more than the prevailing selling price (usually MRP where there is discount on down payment when paid in ready cash) or demand a commission saying that the party is getting a lot of free money and can afford to pay part of it to them.

Two persons wanted to start a digital photo studio under Job Club. They got quotation of around Rs.3.5 lakh for a digital camera and accessories on the basis of MRP and had to pay the entire amount to get the camera when the loan was sanctioned. They say that usually all sellers give a minimum of 10% discount on MRP for cash payment. In this way the party lost around Rs.35,000 due to the quotation pre-requirement.

**Two scenarios are possible in this context**

(1) Insisting on purchase from the same shop on the same quotation will forfeit discount on cash payment which the bank cheque/draft on the previous quotation would entail.

(2) Since it would sometimes take more than 6 months between the submission of quotation and final purchase due to delay in sanction by the bank, there would have taken place two things, (a) rise in the price of the quoted item, and (b) change of the model using newer technology. But the bank will deny the customer the advantage of this new brand/model as purchase has to be made on the old quotation. These situations happened in several cases which were reported to us. (Of course, if the price has increased in the meanwhile, the seller will collect the higher price)

We found that the banks can relax many of these requirements to make the transaction quick and hassle-free. In fact in some of the districts the Employment Officer who cultivated good relationship with many service banks came to the help of the applicant. In some cases, loans were granted without any security. In other cases, the party was required to pledge only the machinery and equipment. In some other JC cases banks were satisfied with simple partnership deed on Rs.100 stamp paper and no registration of the document.

In most cases the Bank can use the Credit Guarantee Trust for Medium and Small Enterprises (CGTMSE) scheme introduced by the RBI which will be an insurance against defaulters. The service charge on this account could be collected from the beneficiary. It is true that this scheme covers only Industry and Service Sectors but even in such cases, some bank managers do not use them. This costs procurement of expensive and time consuming documents for the party.

Many banks collect service charge and inspection fee and in some cases this will be sizeable even when the loan amount is small. In most cases, the party does not know this as this is deducted from his bank account.

In Tables 1 and 2, we give data relating to the despatch of applications approved by the Selection Committee to the service Banks by the District Employment Exchange office and the number approved by banks for issue of loans. From the two tables certain conclusions could be drawn.

Rejection is more in the case of KESRU (53%) than Job Club (45%). Two districts (Kannur and Kasaragod) are consistently on the top in both schemes. In the number of projects sent to the banks for KESRU, Kollam stands first with 1229 and Malappuram stands second with 980 applications. In the case of Job Clubs, again, Kollam stands first with 156 and Kasaragod stands second with 79.

These will, to some extent, tell upon the efforts taken by the concerned DEOs but we cannot draw a conclusion on this because the eco-human considerations in preparing projects are also important. Nor can we sit in judgement on the quality of the projects that would have been the consideration of the Banks in accepting or rejecting the applications because each bank and each bank manager has its/his own criteria for this.

However, we cannot say that the rejected applications, by and large, were of low quality because all of them had passed through the scrutiny of the Selection Committees which had the opportunity of interviewing the applicants and verifying the data needed for selecting the projects for onward transmission to the Banks.

We had rather lengthy discussion about these points with several Service Bank Managers and with three Lead Bank Managers on the issues raised by the clients.

The service bank managers said that they are dealing with several schemes, big and small, sponsored by the government and operated through different agencies and not just these two schemes only. They said that one common trend found among most of the clients seeking loans under government sponsored schemes is that they come to them with half-baked projects. These have to be rejected or the amount asked for will be unreasonable and hence will have to be slashed. Moreover, they also said that for a large number of these clients the tendency is either to default completely or to default at intervals. Some of the clients nurture a feeling that these are largesse from the government and not to be returned.

**Table 1. KESRU Applications sent from District Employment Offices to Banks and approved by banks for loan issue**

| District | Applications in 2009 - 2010 | | Applications in 2010 - 2011 | | Applications in 2011-2012 | | Applications in 2012-2013 | | Applications in 2013-2014 | | **Total (2009 - 2014)** | | **Percentage of acceptance** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Sent | Approved | Sent | Approved | Sent | Approved | Sent | Approved | Sent | Approved | **Sent** | **Approved** | |
| Trivandrum | 78 | 53 | 73 | 46 | 83 | 45 | 68 | 45 | 66 | 33 | 368 | 222 | **60 %** |
| Kollam | 244 | 69 | 250 | 79 | 268 | 83 | 249 | 82 | 218 | 62 | 1229 | 375 | **31 %** |
| Alappuzha | 124 | 30 | 191 | 71 | 51 | 44 | 151 | 72 | 161 | 81 | 678 | 298 | **44 %** |
| Pathanamthitta | 41 | 16 | 126 | 50 | 40 | 27 | 75 | 34 | 79 | 45 | 361 | 172 | **48 %** |
| Kottayam | 154 | 90 | 115 | 67 | 102 | 50 | 171 | 68 | 70 | 65 | 612 | 340 | **56 %** |
| Idukki | 140 | 53 | 105 | 45 | 93 | 39 | 71 | 56 | 84 | 33 | 493 | 226 | **46 %** |
| Ernakulam | 83 | 60 | 79 | 54 | 93 | 22 | 119 | 68 | 132 | 88 | 506 | 292 | **58 %** |
| Thrissur | 121 | 55 | 93 | 50 | 204 | 68 | 100 | 71 | 142 | 53 | 660 | 297 | **45 %** |
| Palakkad | 126 | 46 | 51 | 40 | 118 | 27 | 41 | 34 | 86 | 50 | 422 | 192 | **47 %** |
| Malappuram | 257 | 103 | 254 | 46 | 143 | 80 | 155 | 74 | 171 | 74 | 980 | 377 | **38 %** |
| Kozhikode | 48 | 25 | 54 | 22 | 39 | 16 | 45 | 32 | 39 | 24 | 225 | 119 | **53 %** |
| Wayanad | 27 | 12 | 17 | 15 | 21 | 18 | 35 | 20 | 26 | 10 | 126 | 75 | **60 %** |
| Kannur | 73 | 40 | 61 | 56 | 58 | 30 | 25 | 32 | 43 | 24 | 260 | 182 | **70 %** |
| Kasaragod | 68 | 50 | 35 | 34 | 23 | 22 | 32 | 17 | 17 | 10 | 175 | 133 | **76 %** |
| **Total** | 1584 | 702 | 1504 | 675 | 1336 | 571 | 1337 | 705 | 1334 | 652 | 7095 | 3305 | **47 %** |
| **Percentage of acceptance** | | **44 %** | | **45 %** | | **43 %** | | **53 %** | | **49 %** | | **47 %** | |

Source: This Table has been prepared from the data supplied by the 14 District Employment Offices
Note: In some cases applications approved are more than applications sent. This is because of approval of applications pending from previous years

**Table 2. Job Clubs - Applications sent by District Employment Office and approved by banks for loan issue**

| District | Applications in 2009 - 2010 | | Applications in 2010 - 2011 | | Applications in 2011-2012 | | Applications in 2012-2013 | | Applications in 2013-2014 | | Total Applications (2009 - 2014) | | Percentage of acceptance |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Sent | Approved | Sent | Approved | Sent | Approved | Sent | Approved | Sent | Approved | Sent | Approved | |
| Trivandrum | 10 | 6 | 8 | 6 | 2 | 0 | 3 | 1 | 4 | 0 | 27 | 13 | 48 % |
| Kollam | 9 | 7 | 46 | 12 | 35 | 4 | 42 | 8 | 24 | 4 | 156 | 35 | 22 % |
| Alappuzha | 4 | 0 | 1 | 2 | 0 | 0 | 3 | 1 | 9 | 1 | 17 | 4 | 24 % |
| Pathanamthitta | 1 | 1 | 4 | 1 | 2 | 3 | 9 | 4 | 7 | 3 | 23 | 12 | 52 % |
| Kottayam | 9 | 7 | 19 | 16 | 17 | 10 | 13 | 8 | 7 | 11 | 65 | 52 | 80 % |
| Idukki | 2 | 1 | 3 | 2 | 1 | 0 | 2 | 1 | 3 | 1 | 11 | 5 | 45 % |
| Ernakulam | 6 | 4 | 3 | 1 | 5 | 2 | 8 | 1 | 10 | 4 | 32 | 12 | 38 % |
| Thrissur | 7 | 5 | 3 | 3 | 15 | 7 | 11 | 9 | 20 | 10 | 56 | 34 | 61 % |
| Palakkad | 6 | 3 | 2 | 2 | 1 | 1 | 2 | 1 | 4 | 4 | 15 | 11 | 73 % |
| Malappuram | 8 | 3 | 11 | 6 | 6 | 6 | 17 | 10 | 24 | 18 | 66 | 43 | 65 % |
| Kozhikode | 8 | 6 | 10 | 6 | 7 | 2 | 11 | 4 | 6 | 1 | 42 | 19 | 45 % |
| Wayanad | 3 | 2 | 0 | 1 | 0 | 0 | 0 | 0 | 6 | 3 | 9 | 6 | 67 % |
| Kannur | 5 | 5 | 8 | 6 | 10 | 8 | 6 | 4 | 7 | 8 | 36 | 31 | 86 % |
| Kasaragod | 15 | 14 | 18 | 11 | 10 | 19 | 22 | 18 | 14 | 9 | 79 | 71 | **90 %** |
| **Total** | 93 | 64 | 136 | 75 | 111 | 62 | 149 | 70 | 145 | 77 | 634 | 348 | **55 %** |
| **Percentage of acceptance** | | **69 %** | | **55 %** | | **56 %** | | **47 %** | | **53 %** | | **55 %** | |

Source: This table has been prepared from the data supplied by the 14 District Employment Offices
Note: In some years, the number applications approved by the bank is more than the number sent by DEO. This is because of approval of pending applications of previous years

The Lead Bank Managers, some of whom were earlier themselves Bank Managers handling such schemes, said that while the Managers' stand is understandable, they should use better **discretion** in handling their clients and should have more **empathy** to their problems and needs.

Some managers said that the Selection Committee at the District level that screens applications should be more careful in scrutinising the applications instead of passing the buck onto them (banks). As dispenser of other peoples' money the bank has double responsibility in handling their job, first loyalty to their institution and its policies and then responsibility for the money they are handling.

Here, one has to remember that the Selection Committee cannot scrutinise all applications in detail within the limited time at their disposal and the Employment Officer who makes preliminary screening also does not have either the necessary time or expertise to go through each and every application before it is placed before the Committee. The Employment Officer (SE) is expected to make spot inspection of the new projects and check their feasibility and the applicant's capacity to run the project before placing the applications for consideration of the Committee. For several reasons including lack of time and lack of vehicle to go to distant places they were unable to perform these duties in full. These also justified, in part, the managers' role as the real appraiser of projects and naturally their action in pruning or rejection of applications..

Notwithstanding all these, all LBMs said that while they advise the managers to be more sympathetic and helpful to clients, they are helpless in enforcing their advice as each bank has its own lending rules and interest rates and the LBM cannot do anything against these.

We found that a more helpful Self Employment Officer and a more service minded Bank Manager when working together could ease out many situations which apparently seem untenable. The success of many KESRU and JC schemes in some of the districts at some points of time could be explained to a great extent by this.

Finally, at present, the KESRU and JC applicants feel that once their applications have been forwarded to the Bank, they have very little to do with the EE office and seldom go to the EO(SE) seeking assistance in sorting out issues. Educating the client on all these, especially on the possible problems that would arise at the stage of the bank's consideration of the proposal, would help the applicant in his dealings with the bank and in the Bank's dealings with him.

While changing the role of the banks in issuing and administering loans, which are a major component of assistance, is difficult, the District Employment Office could leave the choice of the bank to the applicant who could then select a friendlier manager or one with whom he already has, or can build good rapport for getting loans. This will solve several problems of the applicant – generally not-so-helpful attitude of the Bank Manager, Bank Manager's suspicion of the applicant on loan repayment, demand for production of avoidable documents, slashing of amount sanctioned by the Selection Committee and many other heart-burns. (We came across a case which was dragging on for months and was then transferred at the party's request to a bank of his choice. Almost overnight, the loan was sanctioned)

There is one situation when the bank would put the blame on the Government. Some banks will issue the loan only after the subsidy is released even though it would have passed the application for payment. In some cases the subsidy will reach them only after three or four months. Banks would then say that they cannot keep the loan pending for more than 3 months. This also tells heavily on the client.

## 3. Discussion

The above mentioned situation would throw up many points that have to be taken into account for the smooth release of the loans by banks and, through it, for the smooth operation of the project.

The salient points that emerge out of the above description are as follows:

Banks have rigid structures and hence Bank Managers have little discretionary powers. Since they deal with other people's money, every rupee of which will have to be properly accounted by them, Bank managers work under great stress and would try to play safe to the extent possible. This is the genesis of the problems that the KESRU and JC applicants face.

The formulators of the two schemes have realised this position of the bank and have clearly and categorically provided for it by stating that all loans are subject to the prevailing rules of the banks and cannot be bypassed or questioned.

However, when these rules and their interpretation go against the smooth working of the two schemes one has to look for ways of smoothening them or making the best out of the situation to ensure that the two self-employment schemes achieve their mission fully and without impediments on the way. The architects of the two schemes do not seem to have fully appreciated this loophole in the schemes.

But, there are presently several impediments on the way to the smooth functioning of the two self-employment schemes, mostly contributed by the lending banks' not-so-helpful attitudes and behaviour patterns. However, the positive approach of many banks on the issue indicates that where there is a will, there is a way. But such approach is wanting in the majority of cases, thus causing a plethora of problems for the operators of the two schemes. Only around one-half of the applications recommended by the selection committee and forwarded to the banks by the DEO get approved. As per Tables 1 and 2, for KESRU it is 47%; for Job Club it is 55%.

Even here, only around 25% applicants get the full amount recommended by the selection committee.

There is inordinate delay in processing of applications by banks.

There is a general feeling among many applicants that banks' attitude to them is negative or at least non cooperative and unhelpful. (This is due to the differential value systems used by the two parties in approaching the case).

**The following actions are suggested.**

**1. A number of documents that certain banks require from the applicants could be avoided.**

**2. Banks should give a whole list of documents to be submitted to them by the client at one instance and in the beginning.**

**3. Banks should invoke the Credit Guarantee scheme in lieu of property guarantee wherever possible.**

**4. There should be transparency in the Banks' dealings with the customers; Banks should appraise the clients about implications of the back-ended and front-ended subsidies and their operation in terms of loan instalments, interest payment and related matters.**

**5. When selecting Banks, government should choose those with lowest rate of interest. At present some banks charge only around 11% while some others charge around 18%. For the party who is capital hungry, the high rate of interest will have negative impact both on repayment and on business itself.**

**6. In short, banks should act as guide, philosopher and friend to the customers and should take them into confidence (or at least gain their confidence) instead of viewing them with suspicion, keeping them at a distance and treating them as second class citizens. Building trust with the customer is an indispensable part (*raison d'etre*) of the bank manager's role, anyway. This will pay back in terms of prompt payment of instalments and other dealings by the customer.**

------------------------------------------------------

# VII. SUSTAINABILITY OF SELF-EMPLOYMENT SCHEMES

In this study, sustainability has been defined as ability or capacity of a system to maintain itself or keep going continuously without outside support.

Since the objective of all the schemes is to enable the beneficiaries to find a permanent career through any of the three schemes, the impact of the schemes on the beneficiaries in terms of their long-term career-cum-economic improvement has also been made an important part of the study. In fact the *raison d'etre* of the schemes is the economic improvement of the beneficiary through the scheme and as such this aspect should be given primacy over the scheme *per se*. The scheme in this case is only a vehicle to take one to the Promised Land. We had all these in mind when we examined the schemes in terms of their sustainability.

We have given our findings on sustainability at the end of the three chapters (Chapters III, IV and V) dealing with the three schemes.

Here we are giving an overall view of the schemes in helping the beneficiaries to use the support given by the scheme to achieve better economic status and/or use it for further improvement in their career through the use of the scheme as a ladder for reaching further heights.

## KESRU

This scheme was started in 1999 and is now 14 years old. The data at our disposal on the previous beneficiaries of the scheme and on the current beneficiaries indicate that the scheme has been a moderate success. We have reached the conclusion on the previous beneficiaries through interview of some past beneficiaries, discussion with officials of banks which had given loans to them under the scheme and officials of the District Employment Offices who had been administering and monitoring the units under the loan scheme. On current beneficiaries, our field studies and Koottaymmas as well as discussion with district and state officials (See Chapter II Methodology) have given ample proof to substantiate our arguments.

We contacted the past KESRU beneficiaries by visiting their establishments/families. Some of them had wound up their business and left home for better jobs elsewhere, mainly in the Gulf region. Those who were continuing with their units belonged to two categories - some of them in good condition and others, more or less, in a *status quo* position, but none in a poor position. We had also persons in the Koottaymmas who had completed the payment of bank loan and had come to our meetings for seeking more money for expanding their business. In the case of KESRU and Job clubs, we enquired with both the Managers of the Service Banks and the Managers of Lead Banks about their experience with the beneficiaries. They said that a few of the beneficiaries fell in arrears but since the banks had taken good security from many of them, they were able to manage without actual revenue recovery proceedings. To be sure, they had to threaten some of the regular defaulters with RR action but most of them yielded at the end. Even so, there have been units against which RR had to be taken but these will come to only less than 3%. The bank managers said that those who fell in arrears were running the business well but certain financial problems prevented them from remitting the instalments promptly. All the bank officials said that the schemes are very good even though they did not fail to mention about the bad aspects of the scheme which actually related to the *modus operandi* of its implementation. Their main problem was that the projects were not well planned (half cooked as some of them called it) and the candidates were not properly screened either by the Employment Officer or by the Selection Committee so the beneficiaries were not able to manage their business properly. They also pointed out that the supervision of the units availing bank loan was not effectively done by the DEO office and the bank does not have any mechanism for monitoring them.

The Bank Managers and Lead Bank Managers mentioned the following for improving the running of the scheme and for enabling the beneficiaries to make better use of the loan facility (1) The applicants should come out with a better proposal; (2) The beneficiaries should see that the establishment is run on professional (business) lines. By this they meant not to use loan money for household affairs; (this was more in the case of KESRU which was a one man show, than job club), (3) There should be better scrutiny of proposals at all levels before they are sent to the bank for payment, and (4) There should be effective monitoring of the running of the unit by the DEO office. They said that because of imperfections in all these, they had to be strict in their dealings with the clients even though this made them unpopular with many of the beneficiaries. The gist of the above arguments is that from the banks' side the opinion was that the schemes were innately good but the operation was not as good. Some banks said that some beneficiaries approached them for fore-closure of their business but the banks suspected that this was just to avail the subsidy and so refused to comply with such requests. In some cases, the parties wanted to go to Gulf where they had negotiated for a job and in such cases they (Banks) had to yield. Their justification was that the beneficiary finds himself in a career with better prospects. Leaving out individual cases, all bank officials said that the schemes were good.

It may be said that the District Employment Office has little control over the beneficiary once the loan is disbursed. They do inspect some of the units – they cannot visit all of them due to shortage of time and so they miss many of the beneficiaries subsequent to the despatch of applications from their office to the bank. When the beneficiary falls in arrears the bank contacts them and jointly with the DEO puts pressure on the defaulter. **The failure cases which pushed the Bank to an RR situation and the progress thereon are little known to the DEO.** The rule is that the bank should report to the DEO about the closure of the loan and then the Registration Card of the applicant will be activated for jobs under the Employment Registration Scheme. This is also a weapon in the hands of the DEO and a compulsion on the part of the beneficiary to pay back the loan promptly. But such things may not always work (e.g. a person gets a regular job outside of the EE net and does not care to inform the Employment Exchange. Here, the opinion of the Bank on the unit's career much more than that of the DEO is more authoritative.

In Chapter III, we have mentioned that we interviewed 17 former beneficiaries of KESRU who had completed the loan payment and were on their own. These respondents said two things (1) the scheme is good, (2) they have improved their economic (and social) position after entering into the business, thanks to KESRU assistance.

## JOB CLUBS

In the case of job clubs, since the amount involved was large, the banks had to take extra precaution in granting loans. But this is a comparatively new project and none of the banks had occasion to go to the extent of using RR proceedings even though they had to issue notices to some of the defaulters. Here, the problem involved not only large sums but also the responsibility for repayment was on several persons. We have shown elsewhere that Clubs with larger membership (more than 3) had a tendency for member dropout, indicating, among other things, that the team spirit in these clubs is not as firm now as in the beginning. The banks said that all the good and bad points they narrated for KESRU hold good for Job Clubs also. Some banks found that some parties were quite reliable and so they gave loans without demanding heavy security. They said that their trust was not misplaced and these firms were doing well. At the same time, banks pointed out that loan repayment arrears also were heavy unlike KESRU and in some cases they had to issue fresh loans to repay the debt caused by huge default of payment. Again, Banks will on one side pat the scheme for its good aspects (promotion of entrepreneurship and investment) and on the other become critical about it (lack of proper care in preparing projects and lack of proper supervision).

## SARANYA

This is the youngest of the three schemes, started in 2010-2011. Because 50% of the grant has to be remitted to the government over a five year period, there were only very few who had completed payment and were free. But from the District Offices we understand that there have been a few defaulters and some of them were referred for RR. There are a few inbuilt weaknesses in Saranya. One is that it is a women only programme. In our sample, 40% of the respondents were above 50 years old. They carried with them some ailments which interfered with their work. This affected their income in two ways, first there was a reduction due to lack of personal attention to business, and second they had to incur expenses on medication. Many beneficiaries diverted the Saranya fund for other purposes – house repair, payment of previous loans, medical expenses, even marriage of their children. Others had problems arising out of the nature of the business - chicks dying *en mass* due to chicken flu, cows dying or yielding less milk due to foot and mouth disease, and so on. This affected their repaying capacity. Being poor, they had little savings and no reserve funds to draw upon. However, timely intervention of the Employment Officers rescued many of the defaulters from embarrassing situations. Even so, a rough estimate of the defaulters put the figure at between 3 and 5%. This should not be considered a high proportion, especially since Saranya is a novel scheme and its beneficiaries are also a unique lot. In any case this should not be considered as affecting sustainability of the scheme. Even those who were in arrears were doing their business as usual though with diminished vigour. Moreover this is a scheme over which the Department has direct control and well-meaning Employment Officers have been able to resolve many situations that were found to cause temporary dislocations.

We have in Chapters III, IV and V rather elaborately dwelt on the dynamics of the operation of the three schemes and on the points of their strength and weakness. Here, our analysis points to the many structural and process imperfections in all the schemes which have affected the smooth and easy functioning of schemes and which have retarded the progress of many of the units under them. At the government level, the machinery is overworked due to the heavy extra load that the three schemes have heaped on the officers. The rules in the schemes describe eloquently and elaborately about the different stages in their implementation but we understand that the government requires that no increase of staff should be demanded from the Department. Hence there is inability to cope with the extra work at all stages from the submission of applications at the Town Employment Exchange/District Employment Office, processing at the EO(SE) level and at the Selection Committee level and, after the scheme is put on ground, at the monitoring level. In parallel with this, is the operation of the banking mechanism vis-a-vis the beneficiary. There is no strong link between the beneficiary, the Employment Office and the Bank in the case of KESRU and Job Club. In fact there are discontinuities at every stage. As it stands, the beneficiary is referred to a bank in the service area and in some cases, the application is summarily rejected on some pretext or other, then the applicant goes to the second bank to which he is referred by the Employment Office, to be rejected again if he is unfortunate. He then goes to the third bank which finally accepts him. Then he finds that he is not getting the money that he had originally asked for, not even the reduced amount recommended by the Selection Committee. **In this process, he loses much of his time and money and more importantly his enthusiasm for the job.**

Once the application is forwarded to the Bank, the DEO has little to do with further action except when the bank raises some objection. Even here, the DEO cannot do anything against the Bank which is given full authority by the schemes to deal with the application the way it deems appropriate

Saranya is relieved of the second part of the trouble and to that extent a crucial part of it. Even here, the first part remains. Projects are not properly prepared, many applicants lack experience in the chosen field and many are unable to solve problems when they pop up in the course of implementation, many mix the loan amount with their private funds, meet part of their family expenses from out of the project money and run into financial problems in the midst of the operation of their unit to the detriment of the efficiency of the unit, many get only less than what they actually require and there is no way of supplementing the amount (because they are poor and have low rating for loan). The only redeeming factor for them is that they meet the officials periodically (when they go for paying instalments) and could get solutions to part of their problems from the officials. However, there were a few cases where they had completed the payment of loans and want to continue but do not have any working capital. There is no provision for a supplementary grant to them under existing rules.

Summing up, we could say that Saranya project being a novel one and targeting at some of the most vulnerable women in society has shown a good track record so far and with a little more care and guidance from officials and scrutiny of applications for fixing eligibility, it could improve considerably and could play a critical role in removing the marginality of a comparatively neglected segment of women and in solving, though in a small way, the unemployment situation prevailing in the State.

We have given only a bird's eye view of the sustainability of the three schemes. We have not come across any grave situation which would warrant a negative attitude towards the schemes. Even if we have come across instances, they are at the micro individual unit level and this should not in any way hinder the judgement on the overall success of the schemes at the macro level. Our recommendations for making the schemes more sustainable are given in the next Chapter (VIII).

---------------------------------------------------

# VIII. CONCLUSIONS AND RECOMMENDATIONS

In this chapter we give the conclusions and recommendations of our study with the objective of making the scheme more sustainable – a career oriented job which is individually smooth-sailing and socially productive to the job seeker. In so far as the objective of the schemes is to provide the unemployed youth personally satisfying and socially meaningful career jobs, the scheme should aim not only at making the beneficiary stand on his own legs at the end of the day but also at integrating him with the society as a responsible citizen contributing his personal mite to the common cause and in that process, contributing even partially to the solution of the unemployment problem. In this scheme of things, we have taken into account the views of all those significant to the issue – the stake holders including the beneficiaries, the banks and the officials and also other related agencies and individuals.

In the previous chapter (VII) we have examined the sustainability of the three schemes not only in terms of the schemes per se but also in terms of the end purpose of these schemes, which is to provide a satisfying job to the unemployed job seeker that will lead to a good career for a safe future. We feel that with the recommended changes the schemes will be more sustainable in all its aspects.

We first deal with the KESRU as this is the oldest one and as this was the basis on which government thought of embarking on other schemes in this family.

## KESRU

**In our opinion, KESRU should be treated as the FLAGSHIP of the Department's self-employment programmes and as such it should be made a fully supported and fully self-sustainable programme. It should be approached and treated as such by all concerned.**

***We also take this opportunity to suggest that the name KESRU may be replaced by the name SWAASRAYA or <u>PARISRAM(AM)</u> which to us look simple, more appropriate and more meaningful. When we think of making KESRU the Flagship of the Self Employment Schemes it will be more appropriate to rename the scheme as one of the above.***

Though started as the first one in the Department's self-employment programme and now 15 years old, KESRU seems notto be picking up as it should. Actually KESRU should be the centre of attraction in the whole programme of self-employment because it can reach out to more people than Job Club, Saranya being restricted to only a special category of the unemployed. This should be the scheme for the modestly ambitiously youth. The investment is small, subsidy not so bad and the envisaged projects are also not ambitious. But it is not attracting adequate number of the unemployed, taking into consideration its capacity to cater to almost all tastes and capabilities. Even when it attracts a small number of people, due to lack of adequate guidance in preparing applications properly, they get rejected on a large scale at the hands of the Banks which are the final authority to sit in judgement over their proposal. In the last 5 years, there were 7095 applications presented to banks and only 3305 were accepted by Banks – a rejection rate of 53%. This high rejection rate is surpassed only by the government's allotment of the smallest amount of the grant for this scheme out of the three schemes. During 2013-14, the expenses on KESRU were Rs.1.2 Crores whereas for Job Club it was Rs.1.5 Crores and for Saranya it was Rs.12 Crores. This has to be contrasted against the payment of Rs.16 Crores for unemployment allowance during the same period.

-We feel that with a little more publicity and better guidance, more applicants will come forward and the applicants could prepare better plans which will reduce the' rejection rate by those concerned.

There are some points that became obvious in our study and the removal of which would attract more job seekers into its fold. They will also add to its sustainability.

**Due to increased and increasing cost of machinery and materials that a new entrepreneur would require in starting a new enterprise, the present limit on the loan amount of Rs. One lakh should be raised to Rs.2.5 lakh (Rs.250,000/-)with the subsidy raised from the present 20% to 30%.**

Raising the amount from the current Rs.1 lakh to Rs.2.5 lakh does not mean that all applicants should be given this amount. In the past, only very few applicants had been given the full amount and even when the full amount was recommended by the Selection Committee, the banks used to slash it substantially. Hence raising the present amount from Rs. one to two and half lakh will not have commensurate impact on the government budget, especially since government is budgeting in an inflationary economy. On the other hand, it will enable an aggressive small level entrepreneur to move forward without being very much constrained by finance. One has to remember that government is operating on a dynamic and not a static budget where increase (not only in expenditure but in revenue as well) is to be counted not in arithmetic progression but in geometric progression. Dynamism is to be envisaged not only in terms of budget amount but also in terms of variety and multiplicity of activities, products and mental constructs of the beneficiary as well.

**50% of the loan amount should be released along with the sanction of the project. The remaining 50% of the loan amount should be given 6 months after the release of the first instalment and after ensuring that the project has been put on ground and is satisfactorily progressing. Depending on the nature of the project and at the discretion of the DEO, the whole amount of the loan (not subsidy) could be released to the beneficiary in one lump sum.**

**In many cases, the beneficiary may not need the entire amount immediately. In such cases, the payment of the second instalment should be made only after a strict inspection of the premise by the DEO to assess the project's progress on planned lines and its viability in the light of changing market conditions and also in the light of the entrepreneur's continued motivation, ability and commitment.**

Within 6 months, the entrepreneur would have been able to start his/her business and make necessary arrangements for the establishment to be put in motion in part at least if not fully. Depending upon the technical nature of the task, the DEO could get the services of an expert from one of the Government departments relevant to the task when inspecting the progress of work done by the beneficiary during the past six months. At that time, one will be able to find out in what direction the project is moving and what is the capacity and continued motivation of the project owner to move on desired lines and whether the second instalment should be released unconditionally or with some conditions attached to it or postponed. The inspection should be used to advise and encourage the entrepreneur if there are drawbacks, on how best he/she should run the project from now onwards.

The present unemployed youth are no longer a re-edition of the earlier youth with limited perspective and limited opportunities and so they should get an opportunity to realise the dreams that they may be nurturing in their mind. Much of it would have come at the time of planning a project (which was reviewed by the Selection Committee earlier) but much will also come in the course of operating it. Hence, the six months of "watching out" time. Inspection could be used for advice and assistance to help the unit to run better.

**The payment should be made to the party directly by the Government as in Saranya.**

Avoiding payment through bank will achieve several purposes. First is the element of time. Banks usually take long period to process the application and would ask for a number of documents and further may not grant the full amount that the entrepreneur expects and needs. So, when he finally gets the amount (usually a reduced sum and after a long time) much of his entrepreneurial enthusiasm would have waned and to that extent his enterprise will suffer. A large part of the success of the Saranya scheme is the opportunity for the applicant to deal directly with the government and to build an organic relationship with the officials. This atmosphere should prevail in the case of KESRU also.

**The loan should carry an interest rate affordable to the party. The maximum interest of the loan amount should be 6%.**

**It is recommended that the subsidy be raised to 30% and made front-ended. It should be paid in two instalments as follows: 50% at the beginning of the second year and 50% at the beginning of the third year on two conditions. For release of the first instalment, satisfactory progress of work during the period under review endorsed by the EO(SE) should be submitted to the DEO. For release of the second instalment, there should not be any default on loan repayment in the previous year and there should be satisfactory progress of work in the year under review.**

At present the 20% government subsidy is back-ended. Elsewhere (Chapter III) we have shown that the applicant does not gain much out of it because of the bank's insistence that it will be given only after all the dues have been cleared. Hence to the applicant it serves only the purpose of "**bait"** and as in the case of baits, it will act as a trap. We have also shown in Chapter VI Table 1 that the casualty of applications at the hands of the banks is more than 50% which means that this proportion of applications is guillotined by the bank. Hence leaving an enthusiastic entrepreneur to the mercy of a bank for the sustenance of his scheme meets with three 3 hurdles – a long and indefinite waiting period, spending further money and energy on production of documents and, finally, cut on the project budget. At the end of the wait, he should also be prepared for a 53% chance of rejection of his application by the bank. Hence, if the KESRU scheme is to be considered as the **flag ship** of the government's self-employment programmes, it should be taken up directly by the government.

**The entrepreneur should be given a respite (moratorium) of 6 months in remitting the loan back. The first instalment of loan payment should start in the 7$^{th}$ months after release of the first instalment of the loan.**

The 6 months moratorium will benefit the loanee in two ways. (1) He does not have to use part of the loan for paying instalment back to the government immediately on receipt of it. (2) By the end of 6 months he would have begun to earn some income from the enterprise and hence can afford to part with some of it to pay back without feeling any pinch.

**There should be provision for a second dose of support to those projects which want to expand or which are facing crisis situations and for which some small dose of financial injection would do the needed corrective. This again, should be given after a more severe inspection process by the DEO (if necessary with experts as suggested earlier) and should not exceed 20% of the total sanctioned grant. The interest charges on the extra loan will be the same as for the primary loan and the amount should be paid within the period of the first loan (four and half years after loan payment starts) or as decided by the Government.**

**The period of repayment of the loan should be four and half years, starting from the commencement of the first instalment, 6 months from the start of the business (release of the grant) .**

**There should not be any requirement of security by way of property, except that the whole enterprise should be pledged to the government if found necessary. Also, if found appropriate, the establishment could be insured and the insurance certificate could be surrendered to the DEO.**

**The scheme could operate like Saranya with all the requirements and procedures attached to Saranya *mutatis mutandis*.**

**There should be strict screening of the proposal and of the proposer by the Employment Officer (SE), including summoning of the candidate and inspecting the premises before submission of his application to the Selection Committee.**

**All selected applicants should be required to undergo a compulsory one week's training in an approved institute - RUDSETI or RSETI or any other similar institute in the government or recognised NGO sector. The loan amount should be released only after the candidate obtains a certificate of successful performance at the institute. Instruction at the institute should include not only the routine personality, skill development and EDP but also technical (production and marketing) knowledge in the particular trade opted by the applicant. The *modus operandi* of this training may be worked out by the Department.**

**The DEO could arrange ad hoc programmes for small groups by hiring experts from the region if this is more feasible and practical than sending the selected beneficiaries to established agencies (like RSETI) which may not find small groups viable. Sometimes two or more nearby districts could be combined for this.**

As at present, applications could be invited round the year and selection could be made after obtaining a manageable number of applications.

Since our suggestion on the proposal does not envisage the intervention of any bank, there will be no waste of time and consequent aberrations in the running of the project. Since the whole process could be computerised, payment (e-payment) and collection and its monitoring could be simplified and will not pose problem to the government.

Government will not be confronted with a major budgetary problem consequent on the hiking of the loan amount or admitting more persons into the scheme except in the first year and except in the case of new entrants as the system will be ongoing with regular repayment of loans. In any case, the amount spent on this item last year was only Rs.1.2 Crores – a trickle in the vast ocean of expenditure on the self-employment/employment budget.

**The family income of the applicant should be raised from the present Rs.40,000 to Re.150,000/- per year.**

Due to spiralling inflation and the general increase in salaries and service charges in both private and public sectors, an income of Rs.150,000/- for a family cannot be considered as high or even moderate. This is more so with the increase in the family's educational and health care expenses. We have reports from the DEOs that the low income limit has been another factor preventing genuine candidates from applying for KESRU. Hence, this hike in income is more than warranted. (In Kerala, the prevailing minimum daily wage of a labourer is Rs.500/-. Also, many a time the level of income is an issue debated by the authority issuing income certificates).

## JOB CLUBS

Government has started job clubs to promote joint activity and to involve more unemployed persons in the younger ages in the game. Unlike KESRU, Job Club has different objective and structure. On the objective side it aims at involving like-minded persons to join together and start a venture which one individual may not undertake alone or may not be able to undertake by himself/herself. On the structural side it envisages a partnership with small number of members and having a strong team spirit. Our study on the working of the scheme shows that partnership works better with very small number of members (2 or 3) and among those having strong kinship or friendship bonds. We found that there has been more dropouts when the membership was 4 or 5. What has happened in the partnerships studied by us was that in many cases one person – the real entrepreneur – comes forward and puts his idea across to others and if he does not succeed in motivating them to join him on equal terms, he persuades them to be passive partners where he will do all things necessary to keep the firm going. This includes shouldering major part of the expenditure preliminary to the start of the business. There was another mode in JC formation. The entrepreneur will prevail on his very close relative(s) to lend his/her name(s) for the business on the understanding, as in the previous case, that he will do everything and they will not be held responsible if anything goes wrong. This certainly violates the spirit of partnership envisaged in the Department's job club scheme where joint responsibility is the key to the running of the Club but it was found to be very successful at the operational level.

Actually, there are many flaws in the structure of the Job club system. It is very difficult to sustain mutual trust among 5 members for a long period (minimum locking up period is 3 years). It is possible that one or more members would get jobs elsewhere and leave the club leaving the responsibility to the left over members. Also possible is a situation where members develop misunderstanding over some points connected with the working of the Club and leave the club. Since the Bank security would have been given by the Leader of the Team, the premature withdrawal of other members will put him in great jeopardy. In all such situations, the minimum number of members will work ideally. We found that most clubs were having sleeping partners who were mobilised by the Team Leader just to adhere to the rules of the scheme.

One lesson to be learned from this situation is that a JC could be very appropriately formed with members of the same family as partners or even by one person (even though the latter may appear to be a contradiction in terms)

It seems that there is an unwritten rule followed at present in processing JC applications whereby those having names on the same Ration Card are made ineligible for membership in a job club. If this is true, this should be removed.
It is also desirable that the notion of job club should be extended to one man club also. In that case, the total amount including loan and subsidy will be limited to Rs.10 lakh.

**There should be provision that members of a family could form a job club. This solves several problems of the club - raising of resources and sharing of responsibility and also pledging of property and other assets when necessary.**

**If one person wants to avail the facility of the Job Club, he/she may be permitted to do so. In that case, the amount of loan, subsidy and member**

**contribution will be limited to Rs.10 lakh. (Rs. One lakh member contribution, Rs.3 lakh subsidy and Rs.6 lakh bank loan)**

Currently there are many technically qualified persons seeking avenues for entrepreneurship. They may not like to form partnership because they do not want to share their ideas and programmes with others. Risk sharing also is important and in a club involving several members, this is very high as we have seen in the relevant chapter. However, a club run by one individual should not be entrusted with large sums since loan rules are liberal and there can be occasions for defeating the purpose of the scheme. Hence the need for limiting the amount in such case to Rs.10 lakh.

**For reasons that need not be duplicated, the Job Club loan amount should be raised to Rs.25 lakh instead of the present Rs. 10 lakh with a ceiling of Rs.10 lakh for units run by single individuals.**

To ensure the club members' involvement in the business, the existing 10% contribution from members should be continued whether the club has one member or more.

**The government share of the subsidy should be raised to 30%. This will be given in a lump sum to the club at the beginning of the second year on satisfactory completion of unit.**

**The club should be given freedom to negotiate with any bank of its choice within the district and the concept of the "area service bank" should be done away with. This will help the club to get favourable terms on loans, interest and repayment, and flexibility in the purchase of machinery and equipment for the club.**

**The present system of attaching quotation for purchase of machinery and equipment along with application should be done away with. Applicants should be permitted to submit quotations only after release of the loan amount and after he makes a re-calculation of the budget in the light of the loan amount actually sanctioned by the bank.**

As shown in Chapter 4, the pre quotation business is fraught with several problems. The shop owner will always quote a higher price, sometimes ask for a commission because he is not sure when the item will be actually bought as by the time of purchase it will be several months after issue of quotation. Between the issue of quotation and the actual purchase, the price of the item would have gone up or product would have undergone modification or new and better product would have come to the market, and so on. These will invalidate the original quotation obtained several months ago.

**There should be a moratorium of six months on loan repayment which should start only from the beginning of the 7th month after receipt of the loan amount.**

As in the case of KESRU, this will give the club breathing time to pay the instalments.

**The period of the loan will be five years and payment should be spread over 4 and half years.**

**The age limit of the applicant should be extended to 50 instead of the present 40.**

Our study has found that it is the upper age group (35-40 with spill over to 40-45 age) who are attracted more to the scheme than the lower age groups (see Chapter 4, Table 2). The trend among the youth in Kerala is first to try for some career job and only when the chances for it are found to be dim does he/she turn to self-employment schemes.

**There should be a subsidy on the rate of interest. Interests above 6% should be borne by the Government. Interest subsidy will be given at the end of every loan repayment year (12 months) on condition that there is no default in loan repayment in the previous year and also that the unit is progressing satisfactorily (as reported by the EO(SE). If there is default of more than 2 times and without valid reason, that year's subsidy will be withdrawn. E.g. the party begins paying instalments only from the beginning of the 7$^{th}$ month after receiving the grant. If he fully remits the dues for the first 12 months as above, subsidy on interest for the 12 months period will be given in the beginning of the thirteenth month, and so on.**

This will avoid any tendency on the part of the Club to default payment. On the Bank's side this will ensure smooth repayment of loan, especially when the bank has not asked the club to execute any bond involving property or other assets. On the side of the government this will ensure that the interest subsidy is not used for any other purpose than for the one for which it is intended. For the club it will make the loan affordable. It has been found that in both KESRU and JC the interest charged by banks was more than the subsidy given by the government. What is happening in many cases at present is that the banks took more than what the government gave as subsidy.

**For reasons given in the case of KESRU, the family income of JC members, presently fixed at Rs.50,000 should be raised to Rs.150,000. A person operating a Rs.10 lakh business should certainly have a minimum financial base.**

At present applications received for job clubs have been very few. During the 7 years of its existence, only 634 applications were received from the whole state for job clubs (See Table 2 in this Chapter). This is partly due to the difficulty in mobilising trustworthy members to join together to take up a big financial responsibility. Of course other reasons like limit on income also contributed to this low figure. Persons whose family income is under Rs.50,000 cannot be expected to undertake a venture involving several lakh rupees and needing heavy collaterals as security. The fact that nearly 50% of the applications for job clubs were found unacceptable by banks tells another side of the story. All these would justify the sponsoring of one-person-enterprises under the job club scheme. In any case, many of the existing job clubs are *defacto* one-member clubs.

Banks should not insist on the applicant heavy security in land and other assets which in most cases is not only impractical but also avoidable and unnecessary. E.g. Asking a young man with family income of Rs.50,000 ( or even Rs.150,000 as suggested by us) per year to mortgage the family property for 5 years.

**The applicant should be given the freedom to select the bank of his/her choice whether this is in the service area or not. He/she will then have better bargaining power.**

**Banks should give the applicants at the very beginning a list of ALL documents required for processing the application and a time frame within which the application will be processed for issuing loan. This time frame should not exceed three months.**

At present the applicant is in a state of thorough uncertainty about the amount that he/she would get from the bank and the time when he/she will get it. For a promising entrepreneur, both of these are critical. For a person who has a long history of unemployment, this will be another wet cloth over the kindling flame. One point that was raised by the Banks was that when the bank sends to the government its approval of a certain application, government is not ready to remit the subsidy to the bank. They say that banking rules require that such applications once passed cannot be kept pending for more than three months. This is another retarding factor in processing a JC application. (Of course, there have been banks which will issue the loan right away on receipt of application from the Employment Office (after processing) without waiting for the Govt. subsidy). For KSERU also, this factor exists but we have recommended that KESRU be taken out of the Bank's hands and be directly administered by the Employment Department.

**As long as the present system continues, government should promptly send to the bank the subsidy due on the application i.e. as soon as the bank informs it about its approval of the project and amount.**

There should be transparency in the bank's dealing with the JC clients. At present, the client does not know how the loan process works; he is in the dark about the subsidy, rate of interest on the loan, penalty for default and so on. The client should be made completely "literate" about the part of the banking system which is relevant to him.

Currently a Financial Literacy Centre is functioning in every Block Panchayat but many clients do not use this facility; it seems, this is mostly due to ignorance about this office.

**The client should be advised to use the services of the Financial Literary Centre located in every Block Panchayat to get information on the functioning of the Banking System. The service of this Centre is free. This advice should be given either by the bank or by the Employment Officer at the Employment Exchange or by both.**

The Employment Department should undertake an aggressive promotion programme where the Department can advertise that under the changed rules, loan and subsidy payments are liberalised and made more transparent and more user-friendly. The promotion programme should be for all self-employment programmes.

## SARANYA

This is a unique scheme specially meant for marginalised women who have been under severe handicap both socially and economically. The group includes widows, divorced or legally separated or abandoned women, unmarried women above 30 years and unmarried mothers from ST community.

Saranya scheme was eulogised by almost all beneficiaries at our Koottaymma sessions as one that has enabled them to come out of their social and financial exclusion. ["It has wiped the tears from my eyes"; "it has given me a new life"; "it has given a new meaning to my life"; "I feel I have regained my lost esteem in the family and society"; "I have now a new life." So goes the commendations about Saranya. These voices came from choked throats and before gatherings of like-minded companions in distress].

**There is need for an upward revision of the Saranya amount to Rupees 100,000/- from its present amount of Rs.50,000. 75% of it may be given as first instalment, of which 50% as interest-free loan and 25% as government grant. The other 25% government grant shall be released at the end of 6 months and after verifying that the amount already granted has been spent properly. There should not be any delay in releasing the amount if everything is OK. However, if the party requires immediate release of the full amount because of the nature of the work, this could be done at the discretion of the DEO.**

The present generation of widows and others belonging to the eligible category are educated, compared to their counterparts belonging to the older generation and they would like to go for modern activities like DTP, cyber cafe, Beauty Parlour and so on, much more than for cow or goat rearing and this will cost good amount of money both to get started and to get going. The enhancement of the amount is recommended mainly with them in mind. Even cow rearing requires at least two cows to be viable and one good cow itself will cost nearly Rs.50,000. Hence there is need for an upward revision of the amount to Rs. One lakh.

**It is also suggested that the Department should give a second loan to the Saranya beneficiary who finds that she could go for an expansion of her business. This loan can also be issued for overcoming any critical situation in the functioning of the unit (Crisis management). The second loan will not be more than 20% of the earlier amount and should carry an interest of 3%. The loan will be given after due inspection of the enterprise by the Employment Officer and on his strong recommendation.**

**For eligibility for the additional loan, besides the recommendation by DEO there should not be any default on the payment of instalments on the existing loan.**

Actually, this provision exists in the Saranya Scheme. We have only slightly modified the original provision.

Our study has found that several of the beneficiaries whom we met both in the field and at Koottaymma sessions narrated their sad stories of not knowing what to do in crisis situations or when they found that they are ready for a big leap forward (development of their establishment). Both these point to the direction of threat to sustainability and as such should be provided for. The additional loan should be sanctioned only after the spot visit of the Employment Officer (SE) and his satisfaction both with the progress made with the earlier grant and the possibility for expansion and capacity of the beneficiary to pursue it, besides soundness of the master plan for development. In the case of crisis management, a precise plan as to how to get out of the tangle and restore the *status quo ante* also should be provided.

**There should be a moratorium of six months on the payment of the instalments. Repayment of the loan will start from the beginning of the 7th month from the date issue of the first part of the loan and will be spread over the next 4 and half years.**

**The family income limit for eligibility for Saranya grant should be raised to Rs. Two lakh. The reason adduced to KESRU and Job Club on this matter holds here also. A higher family income may not necessarily mean a better status for a widow if staying with parents or others.**

**Instead of calling for applications at fixed times of the year as is being followed at present, an applicant may be permitted to apply at any time of the year as in the case of KESRU and Job Club and when a manageable number of applications are received, the selection committee could be convened.**

Last time, notifications were issued calling for Saranya applications to be submitted within a certain date. There was a huge response for this call and the District and Town Offices were literally flooded with applications which they could not process adequately. The Selection Committees also had difficult time and a large number of selected applicants are still waiting for getting government's financial support.

It was found from discussions with officials, and other knowledgeable persons that there is another category of women who need urgent government support. This is the category whose husbands are bed ridden with chronic diseases and totally dependent on the wife, and women with old and ailing parents who also depend on their poor daughter. It may be pointed out that women with destitute old parents are provided for in the existing Saranya Scheme (vide Section 3: Method of Implementation).

In several poor families, the husband does not support the family and it is the wife's responsibility to find sources of support.

**Hence it is recommended that women with husbands who are bed-ridden, are victims of haemophilia, acute kidney problem, cancer, mental illness or with other severe chronic diseases and those having dependant parents with these conditions should also be included in the Saranya fold for support**.

**Also, women with totally disable children or sisters to be taken care of also should be considered for assistance under the Saranya scheme.**

Some Saranya beneficiaries from Kasaragode district brought to our attention, the need for rehabilitating the Endosulfan victims under the Saranya fold. We examined the proposal and found that those women who can take up some employment with or without assistance also may be considered under the Saranya Scheme.

**Accordingly it is recommended that deserving Endosulfan women victims in Kasaragode District also may be admitted to the Saranya Scheme.**

**It is also suggested that disabled women who can work with partial assistance may also be considered for Saranya assistance.**

## GENERAL

To ensure prompt payment of loans by the beneficiaries of the three units and to enforce prompt payment, all the beneficiaries should be required to provide an undertaking that if they default payment, they will be subject to RR Act. This will act as a threat against non-payment of dues by applicants. Selection of applicants for all schemes should be based on their demonstrated ability to deliver the goods promised in their Project Reports. If necessary a subcommittee of the Selection Committee may be constituted with provision for experts to be called in for assistance when needed. Wherever deemed appropriate, the EO (SE) should visit the premises of the business locality and satisfy himself/herself for its suitability.

Preference should be given to applicants who have previous experience in the field of their proposed business.

The scope of CGTSME should be widened to give coverage to a larger number of Job Club schemes that are approved by the Selection Committee. The State Level Bankers Committee's help may be sought in this matter in approaching the RBI for necessary amendment in this regard.

The Employment Department should earmark a certain part of its annual budget on self-employment programme for setting up two funds.

1) **A Development Fund for supporting enterprises that want to expand/develop their ongoing activity**.

We found that many Saranya and KESRU beneficiaries wanted to expand their business and had potential for it but could not do it for want of funds. (It seems that due to the many hassles faced by the JC members even for obtaining the loan, they did not dare to ask for a second loan for which they feared they may have to face all the difficulties they faced in getting payment on the first loan).

**(2) A Crisis Management Fund to enable enterprises that are facing crisis.**

(A plastic bag making unit under Saranya was at the point of closure when government imposed a ban on use of plastic bags. A job club which was running a mini-lorry service, transporting sand and light building materials, had a sudden fall in their business when restriction was imposed by Government on movement and sale of sand. A chicken farm (KESRU) was in crisis when all its chicken died of chicken flu. A KESRU man was in trouble when the shop owner asked him to vacate his shop for demolition and rebuilding of the structure. Another KESRU man had to shift his business when his shop was acquired for widening the road. He could not get a suitable shop for quite some time for replanting his business.

From each fund, amounts to a maximum of 20% of the earlier loan may be issued to KESRU and Job Club and Saranya on a subsidised interest of 6% (3% for Saranya).

**Rationalising Self-employment Schemes**

At present over 14 agencies in Kerala are running self-employment schemes. The loans issued by them differ in type, purpose, amount, rate of interest, duration of loan period and conditions of loan disbursement as well as on the background of the clientele to whom loan is disbursed.

At one end stands Kudumbasree (women only) whose loans are small in amount but flexible and with wider coverage in terms of beneficiaries. At the other end stand Industrial Development Corporation and similar agencies giving big loans, which cater mainly to medium and high level industrial enterprises. But those catering to marginalised communities like the Employment Department under Labour and Skill are few, like Kudumbasree, SC and ST Development Corporation, Minorities Development Corporation and a few others. Being the agency in charge of employment seekers on a mass scale, the National Employment Service (Kerala) (NES) should take upon its shoulders the responsibility for coordinating identical loan schemes to ensure maximum coverage of beneficiaries and flexibility for them. None of the other agencies disbursing loans to the vulnerable sections of society have the simplicity, transparency and smartness of the NES Schemes.

There is need for rationalisation of all identical loans to avoid duplication of efforts on the part of the agencies and confusion on the part of the beneficiaries. It is desirable that the Employment Department takes the leadership in this matter and act as the **nodal agency**. The Labour and Skills Department with its mission, infrastructure, coverage of stakeholders and commitment to them not only has the capacity to do it but also the moral responsibility to take the leadership initiative and get things done. This will be one way of expanding, widening and strengthening its present programmes of self-employment and employability and bringing more unemployed youth within its net.

As a first step in this, it is suggested that for KESRU and Saranya the Employment Department should collaborate with the SC/ST and Minorities Development Corporations and other similar corporations and provide the subsidy and the latter will provide the loan. For Job Club, it can tie up with the Industrial Development Corporation and similar agencies giving big loans whereby the Employment Department will give the subsidy and the IFC etc. will give the loan. This will relieve the Employment Department of the burden of loan issue and collection. This will be for mutual advantage of both partners as well as of the beneficiaries. This will also help the expansion of the work of the Employment Department

**Administrative Set-up for the suggested programmes**

The Employment Exchanges (EEs) under the Department of Employment are a unique agency handling the Herculean task of keeping track of the career records of more than one-tenth of the population of Kerala who are in their most productive years, but are doomed to be unproductive because of their enforced unemployment. With more than three and half million unemployed already on the register and with a hundred thousand added to it every year, the EEs are trying to make the best out of the situation as silently as the subjects they are dealing with. The 14 District Employment Exchanges and 62 Town Employment Exchanges under them are doing this marvellous job, accepting all the challenges that come from the unending stream of employment seekers starting from age 14 and with no upper age limit. The self-employment schemes have added more work to the Employment Exchanges. This work is being done mainly at the District Employment Office. Our suggestions will increase their work to a greater extent.

We have found that the Self Employment Schemes initiated by Labour and Skills Department are innately very good and appear more favourably when compared with identical schemes run by other departments and agencies. But there is a difference in their vision and mission. Other agencies and departments are doing this work as an addition to their main task but the Labour & Skills Dept. is doing it as their primary task. Currently the Town Employment Officers who receive the applications for all three categories can only verify the certificates and other documents submitted along with the application because they are preoccupied with the overwhelming number of registrants, past and present. They cannot vouch for the quality of the proposals submitted with the applications nor can they verify the capacity of the applicant to execute the programmes contained in the proposals. These are being done at the District level by the Employment Officer (Self Employment) [EO (SE)]. In fact the EO (SE) is the kingpin in the whole exercise at the Dt. level. He/she has to screen the applications and applicants for the three schemes, visit three enterprises each from the three self-employment programmes a month, visit three Gram Panchayats to check the unemployment allowances being disbursed monthly, attend the meetings of the Block Level Bankers' Committees and District Level Bankers' Committee, answer the queries from job seekers, summon the applicants under the 3 SE programmes and verify their applications and make suggestions on them, contact the different service banks and expedite their processing of SE applications (KESRU and Job Clubs only) - so goes the list. He/she has a Junior Employment Officer who is preoccupied with selection of applicants for notified vacancies which will take his/her whole time. The Officers in charge of Vocational Guidance and EMI also have their own full load of work though of different kinds, all of which have to be overseen by the District Employment Officer. **What we found conspicuous in our study was the importance of and need for field inspection of the beneficiaries of the three SE Schemes.** The job requirement of the EO(SE) requires that he/she inspects three establishments in each category every month besides his/her other duties listed above. The beneficiaries are distributed far and wide and some are as far away as 70 Km from the District Headquarters. Many establishments are in mountainous regions without proper roads and means of transport.

Under this circumstance, reaching out to the beneficiaries is an arduous job. There is no vehicle for the DEO office and the EO (SE) will have to take public transport and other private vehicles to reach the beneficiary. Naturally there will be slackness on his/her part to visit all the 9 beneficiaries in a month and consequently their performance cannot be assessed.

**In these circumstances a vehicle for the department is an imperative need and this should be provided on a priority basis. Lack of a vehicle is telling upon the efficient running of these programmes even though this matter is not properly understood and appreciated. The vehicle can be used for the entire office purpose including the Vocational Guidance (VG) wing and the Employment Market Information (EMI) wing which also require mobility of officers.**

**What is more, the successful implementation of many of our suggestions will require a Vehicle for the District Employment Office.**

Implementation of our suggestions will require additional staff (at least one post of Junior Employment Officer (SE) and one Assistant at the district level and appropriate additional staff at the Head Quarters to deal with the larger number of applicants who are expected under the promotion of the 3 schemes. Depending upon the aggressiveness of the promotion drive, we expect at least a five-fold increase in the number of applicants in the three schemes over the next 3 years.

Naturally the budget on this item will increase considerably, especially because of the subsidy but then one could argue that the *raison d'etre* of the Labour & Skills Dept. is to provide employment per se and not just routinely register applications and leave things there. Giving employment through notified vacancies has a limit and L&S Dept. cannot increase it at will. But increase of employment under SE scheme is within the control of L&S Department and as such should be taken up. This should be the justification for the Department to ask for more money.

We are visualising that the Employment Department will give top-most priority for the promotion of the self-employment schemes and should be willing to bear the additional cost involved. Much of the ED work will have to be rescheduled to make this programme a top priority one. Computerisation of the records of the Registrants will simplify that work and nothing more could be done on this for the time being except going ahead with the newly started Employability Centres and Techno Skill Pool. A great leap forward through programmes of self-employment is required to justify the name of the Department.

**Service Centres**

The Job Club Scheme speaks about Service Centres for assisting the job club units. These centres are mentioned in connection with Saranya scheme also. A detailed set of activities of these Centres is given in Saranya Scheme (see Section 8, Monitoring): (1) Find out suitable applicants, (2) Prepare appropriate projects for them (3) ensure that applicant is capable of executing the project, (4) inspect the place where the unit is to be started, afterwards inspect the unit in operation, ensure that they are functioning properly, keep a file for each unit, recommend loan for the unit, ensure that the loan is used for the intended purpose, keep a record of the loan payment, ensure repayment of loan, give receipt for re payment, ensure repayment by all loans, remit the repayment amount in the bank the very next day, watch the operation of the unit closely, correct the defects in their operation, remind those who have defaulted, and if this fails, recommend RR steps, etc. It will look as though the duties of the Employment Officer (SE) are transferred to this office. However, there is no clarity on this point in either of these schemes (Job Club and Saranya). Will it be a full time government office and what will be its relationship with the DEO. Will there be enough job clubs to finance the expenses of this office, who will pay the salary of the Service Centre manager, etc . **These have not been spelt out.** There is provision for only 1% contribution by a job club towards the maintenance of the office. Since the service centres have not been opened in any of the districts, no further comments could be made on them.

However, the concept of the service centre is a welcome one but it could be converted into a service-cum-advice centre and should be made a regular part of the DEO and attached to the EO(SE). The proposed additional junior employment officer (SE) could be in charge of this work under the direct supervision of the EO(SE) and general supervision of the DEO. He/she could perform all the duties of the service centre visualised in the JC and Saranya Schemes. He/she could spend half of his/her time in the office and the other half in visiting the job clubs and also units under the KESRU and Saranya schemes. He will be the promotion officer for all self-employment schemes, additionally performing some public relations functions for the SE programmes.

**Our suggestion here is: Merge the proposed Service Centre with the District Employment Office and put it under a Junior Employment Officer proposed by us earlier for relieving the EO (SE) of some of his additional work involved in our suggestions.**

**The following are our other suggestions:**

**To safeguard the loan amounts granted to the different beneficiaries under the different schemes, these schemes should be insurance linked. This will, to some extent, take away the worries of the Banks which are sensitive to granting loans without proper security or with poor security. This will also ensure the coverage of many loans by Government without proper security.**

**A separate software for SE programmes should be developed.**

**As computerisation progresses, the burden of work of the staff at Town Employment Exchanges will be lightened and one of the senior staff can be deputed to the SE programme on a full time basis. The Town Employment officer can take**

up the work of inspecting the units in his area and problem cases can be reported to the DEO. This will relieve much of the work of the EO(SE). As supervision is an important means of controlling the units in all the three schemes, this will go a long way in ensuring that the units are going forward as planned.

It is also suggested that the Town Employment Officer devotes half of his time for looking after the matters relating to self-employment schemes including visit to the different units and helping the beneficiaries in their problems that could be solved at his level. Since computerisation of registration data will relieve him of much of his work, he could do it more seriously and fully. Since he knows the ambience and the background of the applicant and the suitability of his schemes, he could better act as guide, philosopher and friend to the applicant/advise seeker. This, again, will relieve the EO (SE) in the district of much of his duties and could produce quality projects which are in short supply today.

Special training to DEOs, SE officers and Town Employment Officers in the dynamics of SE programmes

Training of the staff of the SE section both in the District and in the HQ in areas relevant to their work.

Since Employment Department has great potential and need for growth and development, a cadre of officers specially trained in the different facets of this subject may be built up and appointments should be made only from this pool. A second line of personnel from the catchment area of the department also can be groomed. This will give professionalism to the work of the Department which actually needs this outlook.

The concept of Investor Friendly/Entrepreneur Friendly Gram Panchayat also could be tried both to demonstrate the potential of the concept to generate employment and to motivate young talents at the local level to develop their own creativity and canalise it for productive and gainful purposes. This will give the Employment Department a new path for employment generation and make the unemployed youth employable. May be, the idea can be put across the District

**Employment Officers for implementation – one demonstration piece in each district to begin with.**

**An aggressive promotion programme to bring the three schemes to the attention of potential job seekers should be launched through the media and other agencies.**

**In this context, the idea of fixing targets for each of the DEOs and Town Employment Officers also could be thought of.**

**Annual get-togethers (Mela/Koottaymma) of the units of all the three schemes (separately or jointly) in the district could be organised in a convenient part of the district which can be used by the units for promotion-cum-sale of their products/schemes and as a forum for promotion of the scheme by the District Employment Office.**

**The system of giving awards to the unit for best performance in each of the 3 schemes and for the best district for best accomplishments, which is already mentioned in the schemes but not implemented, may be taken up and implemented to promote healthy competition among the units and among the districts.**

**Call a meeting of all the agencies now working for employment generation and employment supply. This also includes the banking sector which is a major component of the employment schemes. Sort out areas for common (not parallel) action and evolve through discussion and consensus a strategy for common and coordinated action (see below) that will enable the achievement of maximum results in providing jobs to the unemployed with optimum use of resources.**

**Coordination of all agencies that run programmes of self-employment with the Labour and Skills Department as the nodal agency. It is necessary that similar and parallel schemes now being undertaken by different agencies be coordinated to avoid duplication of programmes and duplication of expenses. This will help the applicant to choose the best programme and help the programme managers to economise on time and money.**

## Conclusion

***In conclusion it may be pointed out that some of our suggestions would require not only structural changes i.e. administrative and financial changes, but also a new perspective on the whole work of the Employment Department. Currently ED is part of the wider Labour and Skills Department where the emphasis is more on labour relations, labour problems and labour laws. This is certainly important because labour is a sensitive area and labourers are an important segment in the socio-economic order. However, the Employment Department is concerned with an equally significant segment of the people – the unemployed. But this lot that is dealt with by the Labour and Skills Department is a silent group and totally unorganised. The government's unemployment allowance to some of them will look like pea nuts. For the recipient, it is not sufficient even to send one application for an employment vacancy. What is suggested here is to make a beginning through an aggressive march towards a partial solution of the problem. Currently the Department's only significant work in this field other than running self-employment schemes is to suggest names for notified vacancies. This cannot be increased at the will of the Department. If a target is fixed through a restructuring of the existing schemes and a reorganisation of the existing offices handling them and through an aggressive promotion programme, the number of beneficiaries under the scheme could be quintupled in 3 years. One may argue that other departments and agencies are also engaged in employment generation and also cater to the marginalised sections but that does not exonerate the Employment Department from performing its primary leadership responsibility, namely employment generation and employment supply. We see the Employment Department as primus inter pares, first among equals, and this is our justification for arguing for its leadership role in the rapid expansion of the self-employment schemes.***

-----------------------------------------