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AN EVALUATION STUDY
OF
PRIME MINISTER'S ROJGAR YOJANA (PMRY)
KARNATAKA

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Needless to add that the errors of commissions and omissions are of the authors.

July 25, 2005 **R.S.Deshpande**

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CHAPTER I

INTRODUCTION

1.1. Genesis

The nexus between poverty and employment is a well-known fact and therefore, in the very first phase of the poverty alleviation programmes, employment generation and asset creation were adopted as prime strategies. This was with the intention to economically empower the poor and make them self-dependent. Employment generation programmes are in operation for more than four decades now in the country with a shifting focus on various aspects and specific target groups. There are specific rural based employment creation programmes as well as urban-centred employment generation programmes. Such distinction between rural-urban areas however, withers in the peri-urban regions, and the programme is recorded in the place of sanction of the benefits rather than at the place of actual work. In these programmes, the issue of employment generation is dealt in a variety of ways. It begins from a temporary income assurance by providing minimum wage employment (Employment Assurance Scheme) to a permanent asset creation and skill formation. As the central strategy is employment creation it needs to be reviewed in the context of the programme.

Broadly, the employment generation programmes could be categorised under seven groups. First, the employment was provided by the State under a state-run programme, where, wages operate as the main but temporary income support to the poor. Under these schemes, the income support was expected to help the poor to cross the poverty barrier. The second type of programmes involve providing some productive asset to the poor in order to enhance their earning by utilizing the asset provided. Under these schemes, livestock was provided and the scheme became quite popular due to continuous income generation. Third, it was felt that training the rural youth for different skills would empower them to earn their livelihood and also improve the quality of rural workforce. Therefore, training was provided under the designated training institutions and the beneficiaries were induced to take up the vocation. Fourth, after realizing that a good number of rural artisans possess the basic skills but lack in investment required for tools and machines, providing toolkits and machines was taken up to augment the human resources and at the same time impact on poverty among this group. Schemes were designed to achieve this. Fifth, the employment programmes were focused on villages through the schemes like Gram Samridhi, and that provided the most needed flexibility in operation. This also helped create the most needed assets at the village level. Gender issue among poor is quite intense than it is generally understood. Females face the brunt of poverty more than the male members of the household. Keeping this in view the sixth typology includes female focused programmes to alleviate poverty through skill development. Lastly and very lately, it was realized that the multiplicity of employment programmes diluted their impact and the same beneficiary would get circulated or the pilferages multiplied. Therefore, a few schemes were merged to sharpen the impact. Some of the main employment focused programmes, indicating differential focus are listed in the box.

Box 1: Some of the Main Employment Focussed Programmes

- **Rural based – Self-employment programmes**
- ***Integrated Rural Development Programme (IRDP)***
- **Crash Scheme for Rural Employment (CSRE) – Pilot Intensive Rural Employment Programme (PIREP)**
- **Training for Rural Youth for Self-Employment (TRYSEM)**
- **Development of Women and Children in Rural Areas (DWCRA)**
- **Supply of Improved Tool-kits to Rural Artisans (SITRA)**
- ***Swarnajayanthi Gram Swarozgar Yojana (SGSY)***
- **Wage Employment Schemes**
- **National Rural Employment Programme (NREP)**
- **Rural Landless Employment Guarantee Programme (RLEGP)**
- **Jawahar Rozgar Yojana (JRY)**
- **Employment Assurance Scheme (EAS)**
- **Jawahar Gram Samridhi Yojana (JGSY)**
- **Sampoorna Grameen Rozgar Yojana (SGRY)**
- **Self-Employment for Educated unemployed Youth (SEEUY) popularly known as Gramodaya Scheme and later merged with PMRY**
- **Swarna Javanthi Shahari Roiqar Yojana**

From the list of the schemes one can visualize that the strategies adopted in achieving the objective of providing employment, to overcome poverty barrier, varied significantly. Broadly, these can be grouped under wage employment generation programmes and self-employment generation programmes. The wage employment generation programmes provide opportunities for the rural poor to get employment and sustain them while the self-employment programmes focus on providing sustainable employment opportunities by enhancing and encashing upon the development of skill. Apart from providing them with employment, developing the rural infrastructure is also considered.

1.2. Employment as a Fulcrum of Development

Ensuring employment opportunities to the growing labour force has been a major challenge to the government over the years. The total workforce in the Indian economy grew from about 227 million in 1971 to 268 million in 1978, and further to 324 million in 1988, implying an increment of about 5.5 to 6.0 million annually. Projecting into the future, the labour force in the economy is expected to grow from about 371 million in 1991 to 472 million by 2001 and further to 643 million by 2021. Thus, in the next decade and a half, Indian economy may require employment opportunities at the rate of 10 million per annum (Sundaram, 1998). Therefore, it is important to understand the labour force scenario in the urban areas, particularly in the informal sector. With the growing share of urban population, the urban labour force is projected to increase from 76 million in 1991 to 191 million by 2021. The annual increments in the urban labour force are set to increase from 3.5 million during 1991-2001 to 4.2 million during 2011-21 (Sundaram, 1998). Similarly, in the rural context, a majority of the population of our country depends on agriculture for their livelihoods but the share of agriculture in the National income has been declining and is estimated to be less than 25 per cent. This has aggravated the problem of unemployment and under-employment in rural India. The reasons mainly being reduction in the land holding size and the organized industry not being able to generate the required employment. This highlights the need for alternative options for employment generation in the rural sector.

Poverty as an outcome of unemployment, has been prevailing in the Indian economy since independence and various measures have been undertaken to lessen the problem. It is estimated that 26.10 per cent of the people were under the poverty line in 1999-2000 (Planning Commission GoI). One of the ulcerating problems of rural development in India is the dismal growth rate of employment in the farm sector during the recent past, and that is likely to swell the unemployed in rural and urban areas. The annual growth rate in rural employment was as low as 1.11 per cent during 1983-94, and 1.64 per cent during the period 1994 to 2000 (Jha, 2005). It has accelerated the out-migration towards the cities, converting some of the mega cities into extended slums. It is estimated that in Mumbai about 50 per cent of its population living in the slums. Bangalore, the capital city of Karnataka, which is being projected as the Indian Silicon Valley, accommodates 30 per cent of the slum dwellers of the state. Prevention of migration has to be an essential part of the strategy for balanced development. This necessitates creation of conditions conducive to the generation of gainful employment opportunities in the rural areas. The limited employment opportunities in the organized sector on the one hand and growing urban labour force, on the other, have resulted in increased dependence of a majority of labour force in numerous economic activities based on own account work as well as in micro-enterprises which have come to be recognized as the informal sector. The situation of employment during the nineties in rural as well as urban areas by current daily status was not very encouraging (see, Table 1.1). There is a clear decline in the employment by current daily status.

Table 1.1: Distribution of Usually Employed by Current Daily Status of 1999-2000

(In Percentages)

Current Daily Status	Rural Male		Rural Female		Urban Male		Urban Female	
	1993-94	**1999-2000**	**1993-94**	**1999-2000**	**1993-94**	**1999-2000**	**1993-94**	**1999-2000**
Employed	90.9	89.7	66.4	67.6	94.8	94.2	76.6	79.1
Unemployed	4.0	5.2	3.0	4.1	2.7	2.7	2.4	2.2
Not in Labour Force	5.1	5.1	30.6	28.3	2.5	3.1	21.0	18.7
All	100	100	100	100	100	100	100	100

Source: NSSO (1997), NSSO (2001) as quoted in Jha (2005)

In a labour surplus economy like India one requires a definite strategy for creating employment opportunities within the rural sector, without mass displacement, and with small investment to create non-land-based self-employment avenues. Unemployment, disguised or seasonal, is a potent factor forcing the helpless households below the poverty line. We have experienced that no single programme can enhance the employment opportunities all over the country, and such programmes have to be separate from the 'wage employment' programmes like the Rural Employment Generation Programmes or the `Food For Work' programmes administered by the state. Programmes like road laying, maintenance of village tanks, land conservation etc., for providing wage employment have a positive effect and need to be continued but larger emphasis is required on self-employment programme. This is required to provide the purchasing power to the rural households, who, in turn, would be generating the demand for the products and services offered by the self-employed persons in the rural sector.

In order to reduce poverty and increase employment opportunities, various measures have been undertaken during different plan periods. Since the IV Five Year Plan, Government of India has been launching different schemes for the unemployed youth in the rural and urban areas of the country. The VIII Plan also provided for the creation of new employment opportunities with a goal for achieving near full employment opportunities for about 940 lakh persons. The average employment growth during the VIII Plan period was projected to be 85 lakh or 2.6 per cent per annum. Self-employment programmes are meant for the educated or semi-educated youth and others who have the desire to take up trading or service activities in the villages. There are quite a few examples of various initiatives taken both by the Government Sector and NGO Sector in encouraging the self-employment ventures in different parts of the country.

Thus, dealing with the employment situation in an effective way is to provide greater access and sustainable flow of credit to the poor and the unemployed in order to finance economically viable vocations. The poor mainly suffer due to lack of access to loan facilities as they are not in a position to offer collateral security, an usual precondition in the banks. To reach out to the poor, several programmes have been designed right from the early 1970s to provide an easy access to credit. However, with other few problems like increase in population, poverty, market fluctuations etc, the efforts of the government have not been effective and the increase in unemployment still continues.

1.3. Employment Situation in Karnataka

Karnataka has its share in the problems associated with poverty. Though the state has recorded a decline in poverty ratios, the present situation puts about 10 million people below poverty line as per 30 days recall period (1999-2000, NSS round). An overview of the trends in employment growth also gives an idea about the situation. Data from the National Sample Survey provides an insight into the employment growth rates in Karnataka were higher than the country during 1983-93 but slackened during the period ending 2000. The differences are quite sharp in the case of urban employment scenario. Across gender, the female employment rates are higher in the state (see table 1.2).

Table 1.2: Employment Growth in Karnataka and India

(Per cent Per Annum)

Year	Gender	Rural		Urban	
		Karnataka	**All - India**	**Karnataka**	**All - India**
1983 to 1993-94	**Female**	2.7	1.5	0.6	3.2
	Male	2	2	2.7	2.8
	Persons	2.3	1.8	2.2	2.9
1993-94 to 1999-2000	**Female**	0.3	0.8	3.9	2.5
	Male	1.8	1.6	2.5	2.6
	Persons	1.2	1.3	2.8	2.4

Note : Figures relate to usual principal and subsidiary status of individuals

Source : Planning Commission (1999)

The table indicates that there has been a drastic decline in the employment rate in 1990s compared with the earlier period. Rural employment declined from 2.3 per cent to 1.2 per cent from 1983-1993 to 1993-2000. But, in the urban context, the growth rate increased from 2.2 per cent to 2.8 per cent, indicating creation of jobs in urban areas. At the country level the decline in growth rate can be noticed from 1.8 per cent to 1.3 per cent in the rural context and from 2.9 per cent to 2.4 per cent in the urban context. Even though the situation in urban Karnataka is a little better, the ingress of rural unemployed into urban region puts pressure on infrastructure as well as creates social stress. The unemployment situation in the state is revealed in Table 1.3. There is a continuous improvement in the employment situation in Karnataka. In rural areas the rates have declined in Karnataka for male as well as female groups whereas, there is a slight increase at the country level, for males and decline for females. The urban areas depict a consistent decline for males as well as females for the state of Karnataka as well as for the country as a whole.

Table 1.3: Unemployment in Karnataka

(In Per cent)

Particulars	Usual Status		Daily Satus	
	Karnataka	All-India	Karnataka	All-India
Rural Male				
1972-73	0.67	0.75	4.65	4.75
1977-78	0.68	0.83	4.48	4.45
1983	0.47	0.97	4.69	4.79
1987-88	1.6	1.8	2.5	4.6
1993-94	0.8	1.1	2.7	1.7
1999-2000	0.6	1.1	2.5	3.7
Rural Female				
1972-73	0.12	0.18	4.64	3.7
1977-78	1.02	0.79	4.07	2.45
1983	0.24	0.32	3.15	2.52
1987-88	1	2.4	5.3	6.7
1993-94	0.2	0.3	1.3	0.8
1999-2000	0.1	0.4	1.2	1.5
Urban Male				
1972-73	3.03	2.87	4.7	4.76
1977-78	3.18	3.28	5.73	5.35
1983	3.13	3.11	6.34	5.45
1987-88	5.7	5.2	9.5	8.8
1993-94	1.9	2.4	3.1	3.6
1999-2000	1.7	2.6	2.9	3.8
Urban Female				
1972-73	1.04	1	1.99	2.04
1977-78	3.32	2.52	2.55	2.11
1983	1.21	1.05	2.41	1.72
1987-88	4.2	6.2	10.9	12
1993-94	1.2	1.1	1.4	1.4
1999-2000	0.8	0.9	1	1.2

Source: NSS 27th, 32nd, 38th, 0.843rd, 50th and 55th rounds on employment and unemployment

As among the sectoral employment it can be observed from the table 1.4 that employment trends for males in agriculture *per se* are declining and non-agricultural employment has been increasing. Agricultural employment has declined from 85.2 per cent in 1972-73 to 78.5 in 1999-2000 whereas, the non-agricultural employment has increased from 14.8 per cent in 72-73 to 21.2 percent in 1999-2000. With respect to agricultural employment among women, there has been a decline but comparatively at a lesser rate compared to men. But in 1999-2000, a higher employment rate was recorded specifically. Similarly, even among women, non-agricultural employment has increased from 10.9 per cent to 16.7 per cent between 1972-73 and 1993-94 but it declined in 1999-2000 to 12.2 per cent. At the country level, there has been an increase in the non-agricultural employment compared to agricultural employment except in 1993-94 and 1999-2000. These changes indicate a general picture and there are quite a few subtle differences across sectors..

Table 1.4: Rural Employment in Karnataka

(In Per cent)

Karnataka	1972-73		1977-78		1983		1987-88		1993-94		1999-2000	
	M	**F**	**M**	**F**	**M**	**F**	**M**	**F**	**M**	**F**	**M**	**F**
Agrl Employment	**85.2**	**89.1**	**83.2**	**86.8**	**82.3**	**87.7**	**79.3**	**83.9**	**78.8**	**83**	**78.5**	**87.8**
Non – Agrl Employment	**14.8**	**10.9**	**16.8**	**13.1**	**17.7**	**13.3**	**20.5**	**15.9**	**21.2**	**16.7**	**21.5**	**12.2**
Total Employment	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**
All India												
Agrl Employment	**83.2**	**89.7**	**80.5**	**86.8**	**76.5**	**85.3**	**73.9**	**82.5**	**73.7**	**84.7**	**71.2**	**84.1**
Non – Agrl Employment	**16.8**	**10.3**	**19.5**	**13.2**	**23.5**	**14.7**	**26**	**17.4**	**26.3**	**15.3**	**28.8**	**15.9**
Total employment	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Source: NSS 27th, 32nd, 38th, 43rd, 50th and 55th rounds on employment and unemployment

1.4. PMRY: Broad Contours

Prime Minister's Rojgar Yojana (PMRY) focuses on skill based self-employment generation. This was initiated to provide opportunities of self-employment to the educated un-employed youth who lack resources for investment. This was proposed to be achieved through providing easy subsidized financial assistance to the beneficiaries so as to enable them to start their ventures. The programme was launched formally on 2nd October 1993. The target set was to provide opportunities to 10 lakh persons by setting up 7 lakh micro enterprises in various industrial, business and service activities during the last 4 years of the Seventh Plan period. The programme was initially based in the urban areas (1993-94), and after looking into the initial success, it was extended to rural areas after 1994-95. This is now incorporated as a permanent scheme of the Government of India with framed modalities and guidelines for its successful implementation and to fulfill the purpose for which it is designed.

The extension of the scheme to all the rural areas subsequently was a welcome move and provided succour to a large number of rural youth. It provided opportunities to the rural youth to keep away from swarming the urban employment market and causing social stress. At the apex level, the Ministry of Agro and Rural Industries , Govt.

of India, administers the scheme, whereas at the sub-national level the respective Commissioners/Director of Industries, implement the Scheme. At the grassroots levels, the District Industries Centres (DICs), in collaboration with the designated banks, manage the implementation of the scheme. The role of Training institutions is quite important as these institutions train the beneficiaries in proficiency development and management skills for business. The DC, Small Scale Industries (SSI) has set up a special PMRY Division at Delhi and formulates the rules, regulations and guideline instructions for the scheme. An efficient feedback mechanism is developed by means of getting monthly, quarterly and annual progress reports from all the participating States, as well as initiating evaluation studies through independent agencies. Similarly, at the state Level, a State Level PMRY Committee monitors the progress of the scheme every quarter. DC, SSI fixes the Yearly Targets for a number of beneficiaries for each state.

1.4.1. The Requirements

PMRY is open to all educated unemployed between the age group of 18-35 years, with a 10 year relaxation for SC/STs, ex-servicemen, physically handicapped and women. The applicant should have passed 8th standard but preference is given to those who have obtained some advance training for any trade in any approved institution for at least six months. It is stipulated that neither the income of the beneficiary along with the spouse nor the income of parents of the beneficiaries shall exceed Rs. 40,000 per annum. The applicant should be a permanent resident of the area for at least three years (relaxed for married men in Meghalaya and for married women in rest of the country and the residency criteria applies to the spouse or in-laws). The beneficiary should not be a defaulter to any nationalized bank/financial institution/co-operative bank. Further a person already assisted under other subsidy linked Govt. schemes would not be eligible under the scheme. The scheme covers most of the economically viable activities including agriculture & allied activities, but excludes basic agricultural operation. The project cost can be up to Rs.1.00 lakh for business sector and Rs.2.00 lakh for other activities. Preferably a composite loan is provided if two or more eligible persons join together in a partnership firm. The subsidy is limited to 15 per cent of the project cost, subject to a ceiling of Rs.7,500/- per beneficiary. Banks will be allowed to take margin money from the entrepreneur varying from 5 per cent to 16.5 per cent of the project cost so as to make the total of the subsidy. No collateral is insisted for units in industry sector with project cost up to Rs.2.00 lakhs (the loan ceiling under the PMRY). For partnership projects under Industry Sector, the exemption limit for obtention of collateral security will be Rs. 5.00 lakhs per borrowal account. For units in service and business sector no collateral for project up to Rs. 1.00 lakh. Exemption from collateral in case of partnership project will also be limited to an amount of Rs. 1.00 lakh per person participating in the project. The beneficiaries are charged normal bank interest rate. Repayment schedule may range between 3 and 7 years after an initial moratorium as may be prescribed. Every beneficiary is required to undergo training and the training expenses and operational expenditure would be covered within the Ceiling of Rs.1,000/- per case for projects under industry and Rs. 500/- per case for projects under service and business sectors.

In Karnataka the Scheme is implemented through the District Industries Centre (DIC) in each district. Initially, the beneficiary is expected to approach DIC where applications are invited and processed by the Task Force. The DIC scrutinizes the applications and forwards the shortlisted applications to the banks. The designated bank thereafter undertakes further scrutiny and loans are sanctioned to the eligible applicants. The applicants are expected to undergo training through the recognized training institution and finally set up their respective units. The scheme envisages compulsory training for entrepreneurs for a period of 15-20 days for industry sector and 7-10 working days for service and business sectors. Trainees get a stipend of Rs.500 during training period. The starting of the enterprise has to be intimated to the bank as well as DIC. The roles of the agencies involved are self-supporting and interdependent.

1.4.2. Role of DIC

DIC, in co-ordination with the participating banks in their respective areas, formulates the self-employment plans, implements under the guidance and supervision of the District PMRY Committee. DIC is responsible for formulating location-specific plans based on realistic demand assessment of activities. The District PMRY Committees function as a nodal agency for formulation of self-employment plans and their implementation and monitoring. A district level Task Force Committee is set up by the Government of Karnataka under a Government Order with the DIC Officer (usually a Joint Director) as the Chairperson. The other members include representatives of Lead banks, two leading bankers, District Employment Officer, one member each from SISI/DUDA (other than the implementing agency). Another officer from DIC acts as Member-Secretary of the Task Force. The Chairperson of the Task Force nominates the

Member-Secretary. The Chairperson is also authorised to co-opt one or more members from reputed non-governmental organisations.

The Task Force invites applications through DIC from eligible persons by promoting an advertisement in local newspapers. These applications are approved by the Task Force and would be recommended to the concerned bank branches. All the cases received by the Branch Managers after recommendation by the Task Force Committee would be disposed of expeditiously. Sponsoring of applications is to be limited to 125 per cent of the target and completed by 31st December each year to see that fresh applications are sponsored only to the extent of applications rejected by the banks. Implementation of the scheme by the District Task Force Committee set up for the purpose involves identification of beneficiary, selection of specific avocations, identification of the support system required by the beneficiary, escort services and close liaison with the banks and other local agencies concerned with industry, trade and service sectors. In order to give preference to weaker sections, the Government has provided 22.5 per cent reservations for SC/ST applicants and 27 per cent reservation for 'Other Backward Class' (OBC) applicants. A fair and adequate share to the minorities and preference to women is to be ensured.

The Task Force Committee is expected to meet at least once in a month or more depending upon the number of applications received. Similarly, the Block Level Task Force Committee (BLTFC) meetings are to be held immediately after the Block Level Bankers Committee (BLBC) meeting to ensure participation of all banks in the Block Level Task Force Committee and speedy disposal of applications. In the fifth meeting of the High Powered Committee, it was pointed out that the implementation of PMRY would improve with a more detailed scrutiny at the Task Force level, as well as association of concerned bankers. The quality of scrutiny would also improve with more time available with the Task Force.

1.4.3. Responsibilities of the Banks

The role of banks in the PMRY process is quite crucial as these institutions perform the task of providing the most vital input namely, capital to the enterprise. Their role begins with the meeting of the Task Force itself. Actually, the decision to constitute the Sub-ordinate Task Forces would be taken in consultation with the respective convenor banks of the State/UT. Therefore, the banks have a higher level of responsibility in the whole process. In addition to the sponsoring of applications by Task Force as detailed above, banks also receive applications directly from the eligible persons under the Scheme. Such applications are sent to the DIC with the observations of the Bank on the viability and bankability of the project. The Task Force also considers these along with other applicants. DIC would formally sponsor such applications back to the bank branches for the sanction of the loan. In regard to carry over of applications pending on 31st March, banks should ensure that their branches follow the instructions given and not to return the pending applications to DICs at the end of the year and consider such pending applications first in the next programme year to avoid the same persons from applying again. For better implementation of the scheme, the State Government has been asked to restrict the number of lending banks in any area but this decision is to be taken in consultation with the District Committee/Sub-Committee. Further, banks are advised to monitor the progress on monthly basis with respect to sponsoring, sanctioning and disbursement of applications under the scheme along with the State government. Banks are also required to check at random the performance of a few branches providing PMRY advances and initiate action against the Branch Managers whose performance is found to be willfully inadequate or inappropriate. In order to tackle the problem of delays, the district level co-ordinators of banks are expected to enquire into the causes of major irregularities, more particularly in respect of bank branches performing at levels of less than 50 per cent of the district average in terms of sanctions and disbursals. The co-ordinator is expected to look into the complaints regarding collateral as well as other discrepancies. The co-ordinator is required to submit a report on the problems at these bank branches in the district PMRY Committee and Task Force Committee for discussion and for recommending action at appropriate levels in the banking system.

The responsibility of recovery of the loans rests with the banks. Banks are given permission to file criminal complaints against the borrower who misuses/diverts the loans sanctioned under PMRY. Banks are sometimes facing difficulties in the recovery of their loans availed by unmarried girls after their marriage due to their migration to their new place. Therefore, it has been decided that banks may include the parents/heads of the family of the unmarried girl as co-borrower of the PMRY loan. Usually, the bank officials accompany the DIC officials for the purpose of recovery. But actually it turns out as if the loan recovery is the sole responsibility of the DIC, and usually the bank officials just accompany them. The Government of India through a circular has advised the Chief

Secretaries of all State/Union Territories to help the banks in the recovery of loans. This has caused severe complacency on behalf of the banks in achieving recovery. Moreover, the loans under the scheme would be eligible for Deposit Insurance and Credit Guarantee Corporation cover as in the case of other loan and that has added to the inadequate attention to recovery.

1.4.4. Present Monitoring Mechanism

The Scheme is to be monitored at the district level by District PMRY Committee, or by Sub-Committees set up for the purpose at the State Level by the State PMRY Committee and at the Central level by the High Powered Committee under the Chairmanship of the Secretary (SSI & ARI). These groups are expected to discuss the problems of implementation, co-ordination and monitoring of the PMRY scheme and are expected to meet once in a month, which rarely happens. There is a High Power Committee under the Chairmanship of the Secretary (SSI &ARI), which is expected to meet periodically to carry out regular monitoring. Monthly Progress Reports are to be submitted in the prescribed pro forma to the Directorate of Industries where it would be compiled and sent to the office of the Development Commissioner. The State level Committee reviews the progress once in three months and sends a report to the office of the Development Commissioner of the State. In addition to this the progress of the scheme is also monitored by the District Consultative Committee (DCC) at the District Level and by State Level Bankers; Committee (SLBC) at the State Level during their periodic meetings.

In addition to the above, the Government of India undertakes concurrent evaluation of PMRY on regular basis through reputed institutions, organisations and NGOs in the States. These are selected in consultation with the State Governments for suitable follow-up action. Evaluation and progress reports received from the States/UTs along with the concurrent evaluations are reviewed in the High Power Committee at the Central level. Reputed NGOs can be roped in implementing the scheme by involving them in identification, motivation, selection of beneficiaries and preparation of the project profile. They can also be involved in assisting the borrower in proper management of the assets, marketing the products etc. They can be involved in training beneficiaries.

1.4.5. Reporting Requirements

In monitoring the PMRY scheme there are stipulations to submit periodical reports. The DIC submits quarterly progress reports under the scheme to the Directorate of Industries, whereas, the banks have to furnish a similar statement to the State level Bankers' association to be sent to the RBI as per the prescribed pro forma. The same format is to be used by bank branches/controlling/Regional/Zonal offices for monitoring the implementation of the scheme. The industries department of the state government keeps a close watch on the functioning of the scheme.

1.5. The Task

The Ministry of Rural Development, Government of India, assigned the present study on evaluation of PMRY to the Institute of Applied Manpower Research (IAMR). In turn and keeping in view the field difficulties, the study for Karnataka was assigned to Agricultural Development and Rural Transformation (ADRT) Unit, Institute for Social and Economic Change, Bangalore by the IAMR. The study design, and the questionnaire were all prepared by IAMR along with the tabulation scheme and the process of analysis. This was necessary to maintain uniformity across the participating states. IAMR also provided us their report on evaluation of PMRY in Sikkim State as a model copy. The present study deals with the evaluation of PMRY in Karnataka and is based on a census of beneficiaries in three prominently participating districts of Karnataka. We have followed the scheme of analysis as given in the Sikkim report sent to us by IAMR but had to revise that in the light of the comments received.

The next chapter deals with a descriptive analysis of Karnataka State. We have kept the development initiatives and industrial sector in view in the course of this analysis. A chapter that delineates the objectives and methodology of the study with an objective description of the selected districts follows this. An analysis of the procedural aspects is taken up in the fourth chapter. Our endeavour in this chapter is to indicate the pitfalls in the procedures. The fifth chapter discusses the economic parameters of the beneficiaries, followed by the views of the Stakeholders. Finally, while bringing together the summary and recommendations we have tried to enlist a few interesting case studies. These case studies have been carefully chosen to provide a mosaic of experience in the programme specifically in Karnataka.

CHAPTER II

PROFILE OF THE STATE

2.1. Background

Karnataka is one of the leading states from development perspective of the country. It is also in the forefront of economic reforms initiated during early nineties. The state is acclaimed as IT capital of India with a booming IT industry. Karnataka has always taken pragmatic initiatives on policy front, be it land reforms or democratic decentralisation or understanding regional diversity or human development (through HDI) at desegregated level, understanding of WTO for rigorous participation in international trade. Despite all these, in any across States comparisons, Karnataka occupies the unenviable position of being placed at the average or the median level (Bhalla and Singh 1999, Deshpande *et al* 2004). From one point of view, this can be interpreted as an average response to the developmental initiatives and not buckling down under the pressure of acute production constraints. But from another viewpoint, this also indicates inability to climb up in the developmental hierarchy despite remaining at an average level for a long time. Probably, the developmental efforts are so critically managed that the state continues in the position without sliding down in the hierarchy and at the same time unable to climb up in comparison with other States of the country. But above all these achievements the state cannot claim as the leading state in employment creation in the country. The employment situation in the state is critical if not precarious. PMRY has provided a good platform for developing self-employment opportunities for the youth.

2.1.1. Geographical Features

Karnataka State is the eighth largest state in the country and is located in the Deccan plateau. Karnataka's total land area is 191,791 sq.km, which accounts for 5.83 per cent of the total area of the country (32.88 lakh sq.km) and ranks eighth among major states of the country in terms of size. Among the states, Karnataka is in the thirteenth position.

2.1.2. Physiography

The general elevation in the state varies between 450 to 900 mts. above mean sea level. The important peaks in the state are Mullayyanagiri (1913 mts) in the Baba Budan Hill ranges and Kudremukh (1981 mts.). The important hill ranges are the Western Ghats, Baba Budan Ranges and Chitradurga Hills. The climate of Karnataka State varies from very humid rainy monsoon climate in the West Coast, the ghats and Malnad areas to semi-arid warm dry climate on the east. There is a large variation in the rainfall with higher amounts in the Western Ghats and reducing towards the eastern plains. Along the coastal Dakshina Kannada District, the normal rainfall is about 4,000 mm and in the drought prone districts of Bijapur, Raichur, Bellary etc., the rainfall is of the order of 500mm to 600mm. Average summer and winter temperature vary from 26° C to 35° C and 14° C to 25°C respectively.

2.1.3. Demography and Workforce

The total population of Karnataka was 52.1 millions as per the provisional results of the Census of India 2001. Total number of males were 26.9 million and females are 25.8 million. Karnataka is now the ninth most populous state of India. The decadal growth rate of population in the state has been 17.25 per cent between 1991-2001, lower than the rate of 21.12 per cent between 1981-1991. Sex ratio (i.e., number of females per thousand males) in Karnataka rose to 964 in 2001 Census from 960 in 1991. Among 0-6 years age group the sex ratio has actually fallen considerably from 960 in 1991 Census to 949 in 2001 Census. Density of population, persons per sq. km has increased from 123 in 1961 to 275 in 2001. Percentage of agricultural workers to total workers in agriculture decreased from 70.55 to 55.89 from 1961 to 2001. Percentage of net sown area to the geographical area was 54.65 per cent in 2001. Percentage of gross irrigated area to the gross cropped area was 26.62 per cent in 2001. Per capita food grain production was 207.83 kgs in 2001.

2.1.4. Literacy

The total numbers of literates were 30.8 million out of whom 17.8 million were males and 13.0 million were females. The literacy levels have gone up from 56.04 per cent in 1991 to 67.04 per cent in 2001, Urban – 81.05 per cent to 74.20 per cent, Rural – 47.69 per cent to 59.68 per cent consecutively. Literacy rate in the State has also shown significant improvement. This has increased from 56.04 per cent to 67. 04 per cent in the last ten years. Literacy rates of both males and females has been increasing over the decades, from 36.15 to 76.29 and 14.19 to 54.75 consecutively.

2.1.5. Forest Resources

The recorded forest area is 3.87 million ha which constitutes 20.19 per cent of the geographic area of the state. Reserved Forest constitutes 73.88 per cent, Protected Forest 10.16 per cent, and Unclassed Forest 15.96 per cent. The five forest types of the state are Tropical Wet Evergreen, Tropical Semi Evergreen, Tropical Moist Deciduous, Tropical Dry Deciduous, and Tropical Thorn Forests. Most of the forest in Karnataka is situated in a belt running from north to south starting from Belgaum and ending at Mysore. A total of 0.64 million ha constituting 3.34 per cent of the geographic area of the state is under protected forest area network. There are 5 National Parks spread over an area of 0.25 million ha and 20 Wildlife Sanctuaries spread over 0.39 million ha. There are 27,066 villages in the state, of which 7,130 have forest as Land use. The forest area in these villages is 2.74 million ha. The total population of these villages is 9.31 million. The villages having less than 100 ha, between 100-500 ha and more than 500 ha forest area in each village constitute 41 per cent, 40 per cent and 19 per cent of the total number of villages respectively. Sizeable area have been brought under plantations since 1956. During the Second Five Year Plan, about 21,300 ha was planted. The rate of planting increased from the early 1980s. A total of 2.16 million ha is reported to have been brought under plantation between 1951 and 1999.The forest cover of the state, based on satellite data of December 1995 and January 1996, is 32,467 sq.km which constitutes 16.93 per cente of the geographic area. Dense forest comprises 24,832 sq.km, open forest 7,632 sq.km and mangrove 3 sq.km. There has been a net increase of 64 sq.km in the forest cover of the state as compared to the previous assessment.

2.1.6. Water Resources

Karnataka accounts for about six per cent of the country's surface water resources of 17 lakh million cubic metres (Mcum). About 40 per cent of this is available in the east flowing rivers and the remaining from west flowing rivers. There are seven river basins in the state. The river systems include Krishna, Cauvery, Godavari, West flowing rivers, North Pennar, South Pennar and Palar. The average annual yield of the rivers of Karnataka has been roughly estimated as 98406 m.cum (3,475 Tmc). However, the economically utilisable water potential for Irrigation is about 48,000 Mcum (1,695 TMC). The state has prepared master plans for the various river basins and according to these plans the total utilisation under major, medium and minor irrigation projects using surface water is likely to be 1,690.30 tmc. Agriculture being the main occupation of the state, irrigation is of significance in obtaining increased yields from the land. The development of Irrigation in the state was slow and unsystematic during the pre independence era. However, there were some notable Irrigation works undertaken and completed during the pre-independence, such as Krishnaraja Sagar (which was the only major project completed prior to independence), Vijayanagar canals, Cauvery anicut Channels, Gokak canal, Vanivilasa Sagar, Markonahalli and Anjanapura. Though major projects like Tungabhadra, Bhadra and Ghataprabha stage-I were commenced prior to the plan period, their progress was slow and they got impetus only after their inclusion in the First Five Year Plan. There were more than 25,000 tanks scattered over erstwhile Mysore state. But in Bombay Karnataka and Hyderabad Karnataka areas, the number of such minor irrigation works are meagre. The total investment up-to the end of March 2000 on Irrigation in the state is Rs. 14,267 crores comprising Rs.13,399 crores on major & medium irrigation and Rs. 868 crores on minor irrigation (using surface water).

2.1.7. Infrastructure

i. Roads: Karnataka Road Development Corporation (KRDCL) was set up as a Government of India Company in 1999. The Company's major responsibility is to build road infrastructure projects keeping in view the cost viability, development and maintenance, operating roads, highways, bridge facility or public facility of similar nature. The company raises its resources from market and financial institutions. Over the decades, the total road length per 100 sq kms of geographical area has increased from 36 to 77 from 1970-71 to 2000-01. According to the 2001 census, the total length of roads is 122,489 sq kms, National Highways (12) is 3,728 kms, State Highways is 9,829 sq kms, Major District roads is 28,249 kms, Other District roads 1,634 kms and Village and other roads 88,154 kms. In totality, the State has a good network of roads and that does not create any barrier for development.

ii. Power: Karnataka Power Transmission Company Limited is entrusted with the main responsibility of transmitting and distributing power to all the citizens of the state. Major changes are underway to make power sector more transparent and viable. The installed capacity as on 1st January 2000 both with KEB and KPTCL is 4216 MW. Besides, Karnataka has been allocated a share of 761 MW from the central generating stations owned by NTPC, NLC, MAPP and Kaiga in the Southern Region. In addition, the state has a captive generating capacity of about 1,600 MW mostly with large and medium size industrial consumers. The hydel generating capacity comprises 70 per cent of the total generating capacity of the state. The peak demand of Karnataka is 4,482 MW and the average daily energy requirement is 78 MU per day.

With the installed capacity and share from the central generating stations, Karnataka met a peak demand of 4,060 MW, and highest daily consumption of 84.37 MU during January 2000, out of which hydel generation was 36.44 MU, thermal generation was 24.65 MU, and 14.98 MU was supplied from the Southern Regional Grid. In addition, Karnataka is presently importing 7.226 MU, of which, MSEB supplies 2.998 MU and 2.784 MU is being received from the Eastern region by utilising the HVDC link between Jeypore in Orissa and Gajuwaka in Andhra Pradesh. M/s Jindal Tracteble is supplying 1.444 MU. Shortage of 6.30 MU (average daily shortage) is witnessed although the above mentioned arrangements are in operation.

iii. Health care: The Directorate of Health and Family Welfare Services is responsible for providing comprehensive health care and services to the people of the State. The state has an extensive network of 293 (176 Government) hospitals, 1,297 Primary Health Centres, 622 Primary Health Units/dispensaries and 7,793 Sub-centres with more than 50,000 bed strength. The state is following the National pattern of three-tier health infrastructure in rendering Primary Health Centres, Health Units, Community Health Centres and Sub-Centres in the rural areas. The policy of the Government is to establish one Primary Health Centre for every 30,000 population and one primary health unit for every 15-20 thousand population and a Sub-Centre for 5,000 population. The Community Health Centre (CHP) for every one lakh of population or one out of four P.H.Cs. to be formed to cater to the health care of the rural mass. Apart from the government, the private health care institutions cater to the needs of the people. According to 2001 Census, population served by medical institutions is 0.19 and the number of beds per lakh population is 92.

iv. Telecommunication: Karnataka Telecom Circle, a segment of Department of Telecommunications, provides the telecom services in the state of Karnataka with a geographical area of 191,800 sq.kms covering important cities like Bangalore, Mysore, Hubli, Mangalore, Belgaum, Davangere and Gulbarga. It serves the subscriber base of over 1.82 million with various telecom services. Karnataka Telecommunications is working steadily in providing village public telephones and long distance public telephones connecting the interior parts of the state. Population per post office has increased from 3,570 in 1970-71 to 5,329 in 2000-01. Number of telephones per lakh population has increased from 218 in 1970-71 to 4,279 in 2000-01.

2.2. Industries in Karnataka

Industrial growth in Karnataka has always been at the forefront. Trained technical manpower in Engineering, Management and Basic Sciences, high level of research and development facilities, communication facilities have all added to the progress over time. Apart from this, the State Government has created several organizations and institutions to provide infrastructural support to the private sector enterprises. The Directorate of Industries and Commerce co-ordinates all activities required for industrial development. Karnataka Industrial Area Development Board acquires tracts of land for development into industrial sites. The Technical Consultancy Services Organisation of Karnataka offers expert consultancy services to small entrepreneurs at moderate rates. The Karnataka State Finance Corporation, Industrial Investment Development Corporation, Small Scale Industries Development Corporation and Karnataka Electronics Corporation provide them finance, equity participation, factory sheds and raw material supplies. Karnataka has got 123 associations representing various trade, banking and industrial organizations. All the 123 associations are affiliated to a parent body, 'Federation of Karnataka Chambers of Commerce and Industries'.

A review of registrations of small-scale enterprises indicate a significant steady increase in investments and employment in small scale agro-industries in the State. A small scale enterprise is defined as an industrial undertaking in which the investment in fixed assets in plant and machinery whether held on ownership terms or on lease or by hire purchase does not exceed Rs. 600,000. The substantial annual increases in textiles, food and beverage, and wood and wood product enterprises accounted for the larger share of incremental investments as well as employment. In 1998/99, the investments in the small-scale food and beverage sector totaled Rs 15 billion, generating employment for an additional 185,000 people. The investments in the small-scale textile sector amounted to Rs 8.5 billion in the same year, generating employment of an additional 190,000. To the extent that small-scale enterprises are generally more labour intensive, the sustained growth of agro-industries could have a strong positive impact in reducing poverty in rural areas. Unfortunately, similar disaggregated data on medium and large scale agro-industrial enterprises were not available.

Table 2.1: Value of Investments and Number of Employees of Small-scale Agro-Enterprises Registered 1988-1998/99.

	Leather & Leather Goods		Textiles		Wood &Wood Products	
Year	Invest-ment Rs million	No. of Employees 000 people	Invest-ment Rs million	No. of Employees 000 people	Investment Rs million	No. of Employees 000 people
Up to 88	27	7	154	18	173	22
88/89	56	9	272	26	238	26
89/90	67	10	451	35	316	29
90/91	107	12	647	45	368	33
91/92	170	13	936	57	448	36
92/93	207	15	1325	70	513	40
93/94	224	16	1683	82	626	44
94/95	268	18	2111	93	675	47
95/96	318	19	2595	108	739	53
96/97	332	20	2845	121	790	57
97/98	367	24	3667	167	1037	81
98/99	641	27	8469	190	3944	90
Ave. annual growth rate	28%	12%	37%	22%	23%	13%

Source: Department of Industries and Commerce

The indices of industrial production indicate a growing agro-industrial sector. Between 1996/97 and 1997/98, the textile products sector recorded the highest increase (26 per cent), followed by wood and wood products (14 per cent), food products (13 per cent) and cotton textiles (13 per cent). Metal products and parts came fifth at (11%) with other non-agro-industrial sectors following (Table 2.2). Several factors have contributed to the vibrant farm and non-farm sector's growth in Karnataka. Factors that kindled the notable progress of Karnataka achieved in the farm and non-farm sectors include rising per capita incomes in the state, improving terms of trade in agriculture and widely varying agro-climatic conditions, the expansion of irrigation, and a thriving input sector that enhance the capacity of the sector to respond to market opportunities.

Rising per capita incomes in the State: Per capita incomes in the state grew in real terms at an average annual growth rate of about 3.4 per cent in the 1980s and even higher at 5.9 per cent in the 1990s. Rising incomes within the state have contributed not only to the increasing demand for agri-based products, but also to supporting the growth in demand for higher value commodities, like horticultural and livestock products.

Table 2.2: Index of Industrial Production in the Manufacturing Sector by Major Industry Groups 1995-96 to 1997-98

NIC Group	Industry Group	Weight	1995-96	1996-97	1997-98
20-21	**Food Products**	20.22	117.81 (7.66)	125.98 (6.93)	142.18 (12.86)
22	**Beverages, Tobacco & Tobacco Products**	5.03	122.79 (8.50)	128.55 (4.69)	141.40 (9.99)
23	**Cotton Textiles**	4.37	117.76 (-3.02)	127.15 (7.98)	143.27 (12.68)
24	**Wool Silk & Man Made Fiber Textiles**	4.71	115.20 (7.95)	128.46 (11.51)	141.38 (10.06)
26	**Textile Products**	4.96	111.89 (2.56)	126.30 (12.88)	159.26 (26.09)
27	**Wood & Wood Products**	1.95	119.81 6.32)	128.94 (7.62)	147.28 (14.22)
28	**Paper & Paper Products**	4.16	117.07 (5.78)	127.92 (9.27)	138.76 (8.47)
29	**Leather & Leather Products**	1.62	116.27 (7.69)	126.67 (8.94)	137.53 (8.58)

Note: Figures in parentheses indicate the percentage growth compared to previous year.
Source: Directorate of Economics & Statistics, Bangalore; cited in Planning Commission, Economic Survey 2000.

Karnataka has attracted foreign investment from more than 169 foreign investors from Germany, Japan, USA, UK, Switzerland and Sweden. They have invested in computer software, telecommunications equipments, electronics and electrical, machine tools and engineering products, medical and laboratory equipments, minerals, ceramics, chemicals, leather products, food processing and tourism.

2.3. Agricultural and Allied Services

Agriculture and allied sectors in Karnataka have been quite resilient, improving its performance from the 1980s to 1990s. Growing at an average annual rate of 2.4 per cent in the 1980s (constant 1993/94 prices), the sector improved on its past record and grew faster in 1990s at an average annual growth rate of 3.5 per cent (slightly above the All India average of 3.4 per cent). In 1998/99, it contributed about 30 per cent of the gross state domestic product (SGDP), amounting to Rs 264 billion. Hence, the sector continues to play an important role in the economy of the State. Although its share of total SGDP has been declining over time, it continues to be the largest source of employment in the state; about 70 per cent of the population is employed in the sector. With the larger proportion of poor households in rural areas, sustaining and improving on the growth performance of the agriculture and the allied services sector will be critical for the state's agenda for reducing poverty overall. The sector could play a critical role to the extent that it could contribute to greater employment generation and rural income growth. This poses a major challenge for the government in the future.

2.4. Animal Husbandry

The output of major livestock products grew rapidly during the 1990s. Milk output grew at 8 per cent per year in the 1990s, almost double the growth rate for all India (4.2 per cent). By 1999/2000, Karnataka was producing 4.5 million mt of milk, equivalent to 6 per cent of milk output in the country. The increased adoption of improved breeds of cattle and buffaloes primarily contributed to this increase. Egg production also grew rapidly at 6 per cent per year in the 1990s, exceeding the India's growth rate of 5 per cent per year. Egg production reached 2 billion pieces in 1999/2000, equivalent to 6 per cent of total output in India. The sector expanded rapidly—the poultry population in the state increased by 3 million between 1987 and 1997. Meat production increased by 60 per cent during the same period, amounting to 95,000 mt in 1998/99. It grew (3.7 per cent per year) at double the rate for the whole country (1.9 per cent per year). By 1999/2000, the total value of livestock product output in the state was estimated at Rs 114.5 billion.

Increased livestock sector growth is likely to have benefited poor households. About 75 per cent of the rural households in Karnataka own livestock other than poultry and 90 per cent if poultry is included. About 42 per cent of livestock is owned by marginal farmers, 27 per cent by small farmers, 19 per cent by semi-medium farmers and only about 2 per cent by large farmers. Superimposing of estimated district poverty levels (head count %) in 1993/94 and district level milk output indicate that the dairy production levels tend to be higher where poverty rates are also high. These increases in milk and other livestock product output are likely to have a favourable impact on incomes, especially in poorer districts.

2.5. PMRY in the State of Karnataka

The workforce in Karnataka state rose to 235.22 lakh persons in 2001 from 188.87 lakhs in 1991, with a growth rate of 2.45 per cent per annum. Out of this about 55.9 per cent workers were employed in agriculture as cultivators and agricultural labourers. A small share of this workforce came out to the secondary and tertiary sectors. The workers engaged in the household industry increased from 61.88 lakhs to 94.41 lakhs, registering a growth rate higher than agricultural workforce. Results of the National Sample Survey 56th round (July 2000 to June 2001), put the number of unorganised manufacturing enterprises in rural sector as 6.86 lakhs with an estimated workforce of 12.74 lakhs. Average number of workers per enterprise worked out to be 1.86 persons. Similarly, in urban areas there were 3.48 lakh unorganised enterprises and that engaged 7.58 lakh workers. In Karnataka, there is hardly any scope for growth in public and other sector employment and hence self-employment opportunities are the best alternative. There are various wage employment programmes in operation in Karnataka, and these generate about 14 crore man-days of employment per year. The self-employment generation programmes provide a sustainable employment for a longer time and at the same time help in creating assets. Presently, Swarna Jayanthi Grama Swa-Rojgar Yojan, Assistance to Technicians and others through Karnataka State Financial Corporation, Programme of the Karnataka Industrial Investment Development Corporation and Industrial Development Bank of India sponsored programmes, are operating in the State. These have helped to create self-employment in addition to PMRY. For the last three years, PMRY has provided help to about 20 thousand beneficiaries per year. These beneficiaries have not only created remunerative work for themselves but also spill-over employment opportunities for others also. Thus, it comes out clearly that PMRY plays an important role in the creation of employment in the state.

CHAPTER III

OBJECTIVES AND METHODOLOGY

3.1. Introduction

The Institute of Applied Manpower Research (IAMR) conducted evaluation of PMRY in two rounds. In the Ist round, it covered the beneficiaries of 1993-94 and 1994-95, and in the second round evaluation, the beneficiaries of 1995-96, 1996-97 and 1997-98 were covered. Findings of both the rounds were presented and discussed in the meeting of the High Powered Committee of PMRY Chaired by the Secretary (SSI & ARI), Department of Industries, of Government of India. The members appreciated the findings.

Now, again, the ministry has desired to evaluate the scheme of PMRY covering the beneficiaries for the year 1998-99, 1999-2000, 2000-2001 in the third round of evaluation. This research is in response to the desire shown by the Ministry.

3.2. Issues for Investigation

PMRY is in its 10th year of operation since its inception on 2nd October 1993. The D.C. (SSI) has taken a number of policy decision for the effective implementation of the scheme. There is a need to examine the performance of the scheme in the light of the new initiative and policy directions. The success of the PMRY depends on the role played by four agencies: implementing at the district level (i.e. District Industries Centres); loan advancing agencies (Bank); entrepreneurial skill imparting institution (Training institution); and beneficiaries. The success of the scheme is evaluated in terms of the extent of adherence of the achievement of terms, conditions and the objectives of the scheme. The evaluation study, thus, calls for identification of such issues faced by the four agencies mentioned above and having bearing on the terms, conditions and objectives of the scheme. The issues relating to each of the four agencies cannot be discussed in isolation. The issues concerning one agency may equally have its impact on other agency. For instance, issues relating to disbursement of loan is not concerned with banks only but also on implementing agency, i.e., DIC office which sends the beneficiaries to banks, banks sanction loans. The role of training institutions comes after the sanctioning of the loans as they impact training in entrepreneurial skills to the beneficiaries. On the basis of the inter linkages of these four agencies, issues may broadly be classified under four categories, *vis-a-vis* Entrepreneurial, Technical, Financial and Administrate. The success of the scheme depends on the functioning of each of them.

3.3. Objectives of the Study

The issues raised in the preceding paragraphs clearly indicate the purpose for undertaking the study. In brief, the objectives of the study were as under:-

1. To assess the administration of PMRY in Karnataka as per the guidelines of the Scheme
2. To analyse the macro parameters of the scheme in Karnataka.
3. To review the procedural aspects of the scheme and locate soft and strong spots in order to enhance the effectiveness of the scheme.
4. To study the functioning and impact of the scheme on the economic parameters of the beneficiary.
5. To document the views of the Stakeholders to sharpen the implementation of the scheme.
6. To suggest measures to improve the implementation of the scheme.

3.4. Methodology

We have used a complete census method to conduct the evaluation. The requisite data were obtained from both primary and official sources. The official source included the records of DIC, banks, and training institutions. Separate schedules/tools (Provided by IAMR) were used for collection of information from the concerned agencies i.e., District Industries Centre, Bank Branches, Beneficiaries, Training Institutions, Defunct Units, etc. Information was collected for three years of the scheme regarding the beneficiaries of the PMRY for the years 1998-99 to 2000-01, DICs and bank branches and training institutions on census basis.

3.5. Selection of Districts:

The data on the coverage of beneficiaries under the PMRY scheme for the period 1998-99, 1999-00 and 2000-01 were collected from PMRY Division, Ministry of Agro and

Rural Districts. Institute of Applied Manpower Research made the selection of the districts. They followed a specific criteria for the choice of the district. In Karnataka, where three districts were to be selected, the criteria of high performance, average performance and low performance were taken into account. The State average was also considered while selecting the districts. The geographical area of each State was also taken as one of the criteria and therefore, it had been kept in mind that the districts selected for the survey should represent the whole state. In certain cases where the highest performing district had very few numbers of beneficiaries, the second high performing district was taken up. Hence, the criterion of number of beneficiaries in the district was also taken into account. On the basis of the above, in Karnataka State, Udupi, Kolar and Raichur districts were selected for the present study on the basis of high, medium and low performance respectively. From Udupi, Raichur and Kolar we selected 1,530, 1,337 and 1,447 beneficiaries, respectively.

Table 3.1: Total No. of Beneficiaries Identified and Processed

District	As per list given by IAMR	As per List given by DIC	Completed Data Schedules sent to IAMR	No. of Beneficiaries as per the Data Processed*
Kolar	**1,530**	**1,596**	**1,453**	**1,263**
Raichur	**1,447**	**1,486**	**1,458**	**1,367**
Udupi	**1,337**	**1,515**	**1,227**	**1,157**
Total	**4.314**	**4,597**	**4,138**	**3,787**

* The processed data pertains to only those beneficiaries who featured in the common list of DiC and Banks

3.6. Process of PMRY

PMRY is open for all educated unemployed between the age group of 18-35 years, in general, with a 10-year relaxation for SC/STs, ex-servicemen, physically handicapped and women. The applicant should have passed 8th standard but preference is given to those who have had some training for any trade in any approved institution for at least six months. It is stipulated that the family income of the beneficiary should not exceed Rs.40,000/- along with the income of the spouse, or parents. The applicant should be a permanent resident of the area for at least three years, and should not be a habitual defaulter or obtained assistance under other subsidy linked Govt. schemes. The scheme covers most of the economically viable activities including agriculture & allied activities, but excludes basic agricultural operation. The project cost can be up to Rs.1.00 lakh for business sector and Rs.2.00 lakhs for other activities. Usually, a composite loan is provided, if two or more eligible persons join together in a partnership firm. The subsidy & margin money is limited to 15 per cent of the project cost, subject to a ceiling of Rs.7,500/- per entrepreneur. Banks will be allowed to take margin money from the entrepreneur varying from 5 per cent to 16.5 per cent of the project cost as to make the total of the subsidy. No collateral is insisted for project up to Rs.1.00 Lakh. The beneficiaries are charged normal bank interest rate. Repayment schedule may range between 03 to 07 years after an initial moratorium as may be prescribed. Every beneficiary is required to undergo training and the training expenses and operational expenditure would be covered within the Ceiling of Rs.2000/- per case. In Karnataka, the Scheme is implemented through the District Industries Centre (DIC) in each district. Initially, the beneficiary is expected to approach the DIC where the applications are invited and processed. The DIC directs the banks about the application after scrutinizing the application. They send a list to the banks according to the locations. The designated Banks undertake further scrutiny and loans are sanctioned to the eligible applicants. The applicants further are expected to undergo training through the recognized training institution and finally set up their respective units. The scheme envisages compulsory training for entrepreneurs for a period of four weeks after the loan is sanctioned. Trainees get a stipend of Rs.500 during the training period.

District Committee allots targets within the district to the banks. The District PMRY Committee/Committees constituted for the purpose or sub-committees thereof would invite application from eligible persons through advertisements in local newspapers. Publicity would also be given by display on Notice Boards in DIC, Banks and BDO's offices. Applications would then be scrutinised and approved by the District Task Force Committees and recommended to the concerned bank branches. The number of applications recommended would be at least 25 per cent more than the target fixed for the branch, to take care of rejections at the bank level. All the cases received by the Branch Managers after recommendation by the Committeeare expected to be disposed of expeditiously. After that the training institutions are identified and module for training is kept ready by the District Authorities before the loan is sanctioned. As soon as the cases are sanctioned, intimation would be sent by banks to District PMRY Committees/Committee constituted for metropolitan cities or sub-committees that training activity can start. In order to ensure that the desired results are achieved, all activities are to be completed in a time-bound manner and difficulties experienced should be sorted out in the District PMRY Committee/Metropolitan City Committee or Sub-committees thereof. Banks are advised to monitor the progress on monthly basis with respect to sponsoring, sanctioning and disbursement of applications under the scheme along with the State government. Problems are to be sorted out in the DLC meetings. In order to provide opportunities to the unemployed from the weaker sections, the Government has provided 22.5 per cent reservation for SC/ST applicants and 27 per cent reservation for 'Other Backward Classes' (OBC) applicants. It is expected that a fair and adequate share goes to the minorities and preference to women is ensured.

3.7. Selected Regions

We were asked to select three districts from Karnataka for the purpose of the field study, namely, Kolar, Raichur and Udupi. These districts were chosen on the basis of the predetermined criteria by IAMR and provide an interesting cross-section of the State. Other that the two prominently urban regions of Bangalore and Dharwad, the districts of Kolar, Raichur and Udupi show quite a promise for non-farm employment opportunities. While Udupi district comes in the western coastal area of Karnataka, Kolar is situated in south Karnataka. Raichur district was a part of the Andhra region and joined Karnataka during reorganisation. We give below a brief sketch of the districts.

3.7.1. Raichur – District Profile

The district of Raichur is situated in the north-eastern sector of the state, in the proverbial Deccan Plains. It lies between 15° 10′ and 16° 34′ north latitude and 75° 47′ and 77° 36′ east longitude with an average height from sea level as 1,311 feet. It has typical ecological and meteorological pattern of a drought prone district of the Deccan Plateau. It covers a geographical area of 14,017 sq. Kms, it is the third largest district of the state. The district falls under the “Rain- Shadow” region, the average annual rainfall received being only 599 mm (23.68″). It is located between the Krishna river on the North and the Tungabhadra river on the South. Raichur has five taluks - Raichur, Devdurg, Sindhanur, Manvi and Lingasugur. It has 37 hoblies and 878 villages. Raichur city is the capital district and is at a distance of 409 kms from the state capital, Bangalore. There are a total of 165 Gram panchayats, 8 towns and 6 Municipal Corporations.

The population of the district, according to 2001 Census, was 1,648,212 with a male population of 832,352 and female population of 815,860. Rural population was 1,229,203 and Urban population was 419,009. Total number of workers was 540,226, marginal workers 186,348 and non-workers 921,638. Density per sq km was 241. Sex ratio was 980. Total number of cultivators was 205,990 and agricultural labourers were 327,018. Workers in household industry were 13,861, other workers were 179,705, and total workers were 726,574.

The district falls in a rain-shadow region. The normal rainfall is 631 mms., and it is often a declared as a drought prone district due to failure of rains. Therefore, the district suffers employment stress. It is not one of those forefront districts on industrial front. The total number of industrial units is 200. On the service sector front also it is not a well-developed district. There are 49 Commercial Banks and 46 Grameena Banks. The district has 6 railway stations with broad guage tracks. The length of state highways passing through the district is 505 kms, other major roads cover 638 sq kms and 2,833 kms. The communication facilities in the district are good with 279 Post offices, 35,059 Telephone connections. Transportation - Raichur is well linked by rail and road to important cities. It has up-to-date telecommunication networks within the district, country and the world. The district has a Thermal power plant at Shakthinagar that covers a large portion of electricity consumption in Karnataka.

3.7.2. Udupi- District Profile

Udupi district is located on the western coast of Karnataka and covers a geographical area of 3,575 Sq kms. There are three taluks, and 146 Gram Panchayats spread over nine hoblis. The district has 244 villages (123 hamlets), 145 gram panchayats, 10 towns and 4 municipal corporations. Languages spoken in the district are Kannada, Tulu and Konkani. The climate of Udupi is typical of any coastal area. Temperature varies from 27 to 34^0 C. and the district gets heavy rains during June and August. It is quite difficult for outsiders to move in the region during rainy season but the local people are quite habituated with the weather. Total population of the district according to 2001 Census was 1,109,494 lakhs and population per sq km was 290. The district had a favourable sex ratio with 521,541 males and 587,953 females. The sex ratio worked out to be 1,127 females per thousand males. This district is also an advanced literate district. The literacy rate as per the 2001 Census was 79.9 per cent. Important educational institutions like Manipal Medical College, KMC Dental College and Mangalore University are located here

Fishing is a major activity along with cultivation. The district has sufficient water resources and it also has the west flowing rivers, namely, Swarna, Sita, Chakra, Varahi, Kubja and Sowparnika. Agriculture is the main occupation of the population and paddy, arecanut, coconut, spices and horticultural crops dominate their cropping pattern. Horticulture crops require ample surface and groundwater, which is abundantly available in the district. Cashew is grown on a large scale apart from areca and coconut. There are a number of food processing industries processing these crops. Vanilla and Jasmine are the high value crops grown here and these have a huge market.

The district is traditionally known as a district with least employment problems. It is also known for its enterprising population that has spanned world over in hotel and banking business. According to 2001 census, the district had 417,017 main workers and 70,871 marginal workers. Largely, the workers are engaged in agricultural activities and fisheries, but manufacturing industries and sevice sectors provide employment to a sizeable share of population. There are 11,567 major industries including tile factories, processing units food items like cashew, fish, Sugarcane factory. There are more than 2000 small-scale industries in the district, mostly agro-based. There are a few industries based on fishing and home products in the coastal area. As fishing is a major profession, many industries cover canning of fish and other marine resources. Many industries processing industries include cashew and coconut. There are a number of tile factories manufacturing decorative tiles. The handicraft industries are popular for making traditional gold and silver ornaments. Traditional industries based on local tradition and cultures like woodcarving are also based here. Most of these products are exported abroad. Environmentalists protest against growth of large industries in this region. The district has well-developed infrastructure and it can be compared with any of the developed region in central Karnataka. Recently Konkan railway connected the district with Mumbai and Goa. There are 8 railway stations and the district is served by a broad guage line. The villages are not so well connected due to terrain but the towns in the district have very good road connection. The district is served by 142 kms of national highway, 283 kms of State highway and 631 kms of major district roads and 1,125 kms of semi-pucca roads also connect the villages. The communication facilities in the district are quite good with 330 Post Offices and 74,617 telephone connections. Mobile phones are quite a common sight in Udupi. There are three minor ports situated at Malpe, Kundapura and Hangarakatte. Udupi has a good transport system well connected by private operators and KSRTC. Major trains like Rajdhani Express, Matsyagandha Express, Nethravathi express, Rajkot express pass through Udupi. Udupi is vibrant, with banking activities and two Nationalized banks, Corporation and Syndicate Banks were started here. Many co-operative banks were initiated too. There are 194 commercial bank branches and 11 gramina banks. All the Nationalised banks of the Country have their branches in the district. Udupi stands first in the state with respect to Health care and is well equipped with advanced facilities. The district has four govt hospitals with 400 beds, and 63 Primary Health Centres with 542 beds Even to this day, Ayurveda and traditional medicine thrive and provide good service in the rural areas to cure several health ailments.

3.7.3. Kolar - District Profile

Kolar is a district close to the State capital Bangalore and therefore has significant urban linkage. The district covers geographical area of 8,223 sq kms., with 11 Talukas, 53 Hoblies and 2,889 inhabited villages. There are 306 Gram Panchayats and 13 towns in the district. The population of the district according to 2001 census is 25 lakhs with a population density of 307 persons per sq kms. Out of the total, male population is 12.81 lakhs and 12.42 lakh females with a sex ratio of 970 females per 1000 males. According to the 2001 census, literacy rate of the district is 63.14 with 73.14 male literacy and 52.81 female literacy rates. Being also close to the two neighbouring States of Andhra Pradesh and Tamil Nadu three languages prevail in the district. The climate of the district is generally dry and it is one of the drought-prone districts of southern Karnataka. It receives average annual rainfall of 744 mms, and that is between June and October only. Generally, the dry season begins from December goes up to May, whereas the last three months constituting the summer season.

Agriculture is the main occupation in the district with small industries marking a significant presence. Agricultural sector is largely rainfed and well irrigation is the dominant source of irrigation. There are no perennial rivers or big water storage. There are 535 major tanks and 3,300 minor tanks in the district. The waters from rivers, tanks and irrigation wells are used for irrigating wet crops like paddy and sugarcane. Tanks and wells are the chief sources of irrigation in the district. Ragi and paddy are the main cereal crops with sericulture, onion and horticulture supporting the sector as main cash crops. Dairy is an important support activity for the rural population.

Being close to the State capital the district has been developing as an ancillary industrial sector. Kolar Gold Mines initially supported the district with employment opportunities and that has attracted many workers from outside Karnataka. A few villages have cottage industries and service industries. But in an overall perspective not much progress could be witnessed in industrial development. There are a number of small-scale industries. Total number of factories is 159. Two large-scale units are the Bharath Earth Movers Limited and Gauribidanur Sahakari Sakkare Karkhane.

Even being close to Bangalore district has developed significantly in terms of availability of infrastructure. Kolar is well connected with transport facilities with a total road length of 6,519 kms. National highway running through the district covers 129 kms, whereas the State Highway covers 433 kms. Major district roads cover 1,599 kms, and other roads cover 4,002 kms. Railway route length is 133 kms and there are 18 railway stations in the district. There are 422 Post Offices, 143 Telephone exchanges. As regards the health care facilities the district has 10 hospitals with 1,352 beds, other agencies cover 2 hospitals and 302 beds. There are 83 Health Centers and 37 Primary Health Units. There are 121 Commercial Banks and 62 Grameena Banks serving the district.

3.8. Field Observations

Generally, PMRY is quite a popular scheme in the rural areas and the beneficiaries normally express happiness about the scheme. The scheme has five important groups of stakeholders. First, the beneficiaries are the most important among the stakeholders. They derive the largest benefits out of the scheme and are the hub to make the scheme successful. Second, comes the DIC and the officers of DIC. One cannot call the Officers of DIC strictly as stakeholders but given the process of target setting and the operations they do get included in this group willy-nilly. Bankers are the third group of stakeholders and they have their targets too. Easier access to the banker and banking facilities helps the entrepreneur to succeed in the venture. Similarly, they need to worry about the repayment as the capital is invested in the enterprise. Training institutes constitute the next group and to a large extent the success of the enterprise hinges upon the type of training. Lastly, and very subtly is the group of middle men either present in the premises of the banks or that of the DIC office, who dictate the success of the scheme. It is certainly difficult to track them openly and especially when one travels with a team of workers but their presence was felt at both the places with a few honourable exceptions.

- *DICs have the target without any economic rationale used for fixing it. The project proposals are mostly routine and repeatitive. Touts operate in and around the premises of DIC. Largely rich beneficiaries with earlier record of business or those with some political connection are readily selected.*
- *Among the stakeholders banks seem to have little interest in the scheme. Banks have upper hand in selection and finalising the beneficiary. Usually the bankers try to select only bankable proposals.*
- *Major bottlenecks are with the banks. More often the amount provided is insufficient to get into the business. Banks maintain the data but do not share them easily. The data are treated casually at the banks and the DIC does not have the data. Banks do not consider repayment drive as their responsibility. Bankers have refused to give loan to those who do not have fixed capital, but want people with previous experience. Banks are target-oriented and disburse loan in specific months to fulfill the target, October to March.*
- *Training consists of only about business running and it is okay but not very useful.*
- *Most of the persons who have earlier record of bank accounts are preferred as beneficiaries and not the new ones.*

3.9. Concepts and Definitions

i. **Enterprise set up:** An enterprise will be treated as set up if it has started production/serviced one unit/ traded transactions.

ii. **Non-starting Enterprise:** A non-starting enterprise is that when the first instalment of disbursement of loan has taken place and the entrepreneur is not able to set up the manufacturing unit within 3 months and service/business unit within one month.

iii. **Closed Enterprise:** An enterprise that has been set up but has not been able to manufacture for over 3 months, provide service or trade for over a month may be treated as closed enterprise.

iv. **Disbursement of loan:**

   a. Partial disbursement of loan – A beneficiary who has received at least one instalment of the loan from the bank may be taken as beneficiary under partial disbursement of loan.
   b. Full Disbursement of loan - A beneficiary who has received last instalment of the loan sanctioned by the bank may be included under this category
.

v. **Description of activity:**

Industry: A beneficiary who has taken up any of the following activities may be categorised under industrial activity.

a. Manufacturing/Assembly
b. Job Work
c. Repairing and Servicing

Manufacturing/Assembly: A unit, which produces product having nomenclature different than the raw material used by it, is to be termed as manufacture/assembly unit.

Processing: Processing means manufacturing with raw material supplied by others and the finished products so produced/processed to be given to the respective party to whom the raw material belongs.

Job Work: Job work means a part of manufacturing process undertaken on behalf of another unit on payment basis. Activities like milling, grinding, polishing, shaping, electroplating, galvanizing, heat treatment etc. are taken as job work.

Repairing and Servicing: Repairing means the process of restoring something defective to good working condition. Servicing means maintaining or improving the working condition of any machine, equipment, applications etc.

i. **Business:** Any activity which involves trading of a commodity of goods, may be termed as business.
ii. **Service:** All activities, which involve service to the community such as Beauty-parlour, Photostat work, Typing work, Laundry, Computer data entry, Dry-cleaning etc, are categorised under this category.

vi. **Fixed Capital:** It includes investment in land, machinery, implements and tools etc.

vii. **Working Capital:** It includes,

a. Stock of finished products
b. Stock of semi-finished products including those in process
c. Materials, stores and fuels
d. Cash in hand and at bank
e. Amount receivable and payable

viii. **Annual Operation Cost:** It includes expenditure incurred per annum on items like rent, electricity charges, value of goods purchased, wages paid etc.

ix. **Annual gross profit:** It is the amount after subtracting the operational cost incurred from the total value of production/sales realized and services rendered per annum.

x. **Margin Money:** The percentage of share contributed by the entrepreneur towards the total project cost is called the margin money. PMRY beneficiary contributes 5 per cent of the project cost and 95 per cent of the project is sanctioned by the bank as loan.

xi. **Subsidy:** It is the amount given as a subsidy to the beneficiaries at the rate of 15 per cent of the project cost sanctioned as a loan subject to ceiling of Rs.7500/- per entrepreneur. In case two or more entrepreneurs join together and set up a project under partnership, subsidy is calculated for each partner separately at the rate of 15 per cent of his/her share in the project cost, limited to Rs.7,500/- (per partner).

xii. **Collateral Security:** Security given in addition to the principal promise or bond.

xiii. **Minority:** It includes beneficiaries belonging to the communities of Muslims, Sikhs, Christians, Neo-Buddhists and Zorastrians.

xiv. **Backward / Non backward Areas:** It means the areas as stated in the list of backward areas in section of the Eighth schedule of the Constitution.

xv. **Targets:** It includes the number of beneficiaries required to be covered in each State/Union Territory. The state/wise target is fixed by giving 50 per cent weightage to the educated youth registered with Employment Exchange and 50 per cent weightage to the population of the state/UT. The targets of the state is fixed by the Central Government. District – wise are conveyed by the respective state government to the implementing agencies of each district.

xvi. **Cases Sanctioned:** Decision of the bank to make payment of loan amount to the beneficiary.

3.10. Selection of Beneficiaries

Table 3.2 gives the details of cases recommended and sanctioned by years and sex. We find that 92.04 per cent of the recommended cases are sanctioned. Among the beneficiaries, the male beneficiaries are dominant. There are 76.3 per cent recommended applications from males whereas 23.7 per cent from females. But when it comes to sanctioned loans we have 78.5 per cent males getting through the process whereas the share of female applicants who make to sanction gets reduced to 21.5 mn per cent only.

Table 3.2: Percentage Distribution of Recommended and Sanctioned Cases by Sex and Rural/Urban Areas

	Recommended						Sanctioned					
	Rural			Urban			Rural			Urban		
District/ Year	**Male***	**Female***	**Total cases****	**Male***	**Female***	**Total cases****	**Male***	**Female***	**Total cases****	**Male***	**Female***	**Total cases****
Kolar												
1998-1999	82.91	17.09	46.75	81.68	18.32	53.25	82.87	17.13	47.06	82.25	17.75	52.94
1999-2000	84.82	15.18	38.43	73.44	26.56	61.57	84.70	15.30	39.05	74.95	25.05	60.95
2000-2001	80.87	19.13	47.18	76.12	23.88	52.82	80.83	19.17	46.60	75.41	24.59	53.40
Total	**82.68**	**17.32**	**44.46**	**77.27**	**22.73**	**55.54**	**82.41**	**17.59**	**44.66**	**77.83**	**22.17**	**55.34**
Raichur												
1998-1999	97.04	2.96	29.90	87.77	12.23	70.10	96.81	3.19	31.11	89.05	10.95	68.89
1999-2000	95.65	4.35	26.02	86.73	13.27	73.98	95.95	4.05	27.03	87.09	12.91	72.97
2000-2001	91.48	8.52	12.06	88.78	11.22	87.94	91.23	8.77	13.57	89.41	10.59	86.43
Total	**95.56**	**4.44**	**22.76**	**87.84**	**12.16**	**77.24**	**95.62**	**4.38**	**24.29**	**88.59**	**11.41**	**75.71**
Udupi												
1998-1999	95.32	4.68	61.44	73.90	26.10	38.56	95.48	4.52	62.15	74.03	25.97	37.85
1999-2000	87.09	12.91	62.36	82.06	17.94	37.64	88.26	11.74	61.35	81.28	18.72	38.65
2000-2001	78.06	21.94	58.78	89.00	11.00	41.22	77.80	22.20	58.82	88.85	11.15	41.18
Total	**87.37**	**12.63**	**60.89**	**81.44**	**18.56**	**39.11**	**86.44**	**13.56**	**60.42**	**83.35**	**16.65**	**39.58**
Grand Total	**87.19**	**12.81**	**41.76**	**83.03**	**16.97**	**58.24**	**87.11**	**12.89**	**42.33**	**83.61**	**16.39**	**57.67**

Note: * - Male, Female figures are per cent to total persons (Male + Female) during the year in the district

**** -** Total rural and urban figures are per cent to Total of Rural and Urban during the year in the district

Non-recorded records are taken pro-rata

Source: Table generated by IAMR, Table No: 8

Banks are not expected to ask for any collateral security but we located 8 branches insisting on collateral security (Table 3.3). Six branches have indicated the nature of security whereas other three branches clearly specified the security they have taken (see tables 3.4 and 3.5).

Table 3.3: Distribution of Banks Insistence of Collateral

District	Whether Collateral Security Insisted		
	YES	NO	NR
Kolar	2	36	62
Raichur	0	14	33
Udupi	6	98	75
Grand Total	**8**	**148**	**170**

Source: Bank Form and Table generated by IAMR, Table No: 30

Table 3.4: Distribution of Banks by Nature of Collateral Security for Industry

District	Kolar	Udupi	Total
Collateral Security sometimes offered	**1**	**0**	**1**
Co obligation	**0**	**1**	**1**
Machinery and Fix Parehess Form The Lone Proper	**0**	**1**	**1**
Total	**1**	**2**	**3**

Source: Bank Form and Table generated by IAMR, Table No:. 31-B

Table 3.5: Distribution of Banks by Nature of Collateral Security for Service

District	Kolar	Udupi	Total
LIC Policy	0	1	**1**
Property Land with Building Security	0	1	**1**
Voluntarily	1	0	**1**
Total	**1**	**2**	**3**

Source: Bank Form and Table generated by IAMR, Table No:. 31-C

CHAPTER IV

THE RESULTS - PROCEDURAL ASPECTS

4.1. Introduction

The PMRY evaluation study aims to address the major aspects in three districts of Karnataka – Kolar, Raichur and Udupi. As discussed earlier, PMRY Scheme is processed following specific procedural guidelines. The current chapter focuses on understanding the extent to which the guidelines were followed during the implementation of the scheme. We have used here the tables generated by the software support team of IAMR, as it was not possible for us to re-tabulate as per our needs or cross check the results. Similarly, we have followed the design of the Sikkim report on evaluation prepared earlier for the sake of maintaining uniformity.

4.2. Procedures

As already discussed earlier, the implementation process of PMRY follows a series of steps, where the Ministry of Agro, Rural and Small Industries assigns specific targets to each state. After publicising and receiving of the applications, the DIC's take care of the operational responsibilities. As soon as the last date of the receipt of the applications gets over the DIC officers begin scrutinizing them, in detail, based on specifications. Recommended cases from the DICs are placed before the Task Force Committee, which, in turn, identify the applicants through personal interview and recommend the cases to the designated banks. Banks further decide on the candidates to be chosen as beneficiaries based on viability of the projects and eligibility criteria. (Refer Chap 1, for details).

4.3. Overall Targets and Achievements

A specific target is given to the DIC, which utilises the given criteria for screening the applications and after screening recommend the cases to the task force. The process of screening is quite elaborate and requires some time on behalf of DIC. Recently that some of the DICs are getting it done on the new computers acquired or by outsourcing it to the computer centres outside.

4.3.1. Screening of Applications at DICs

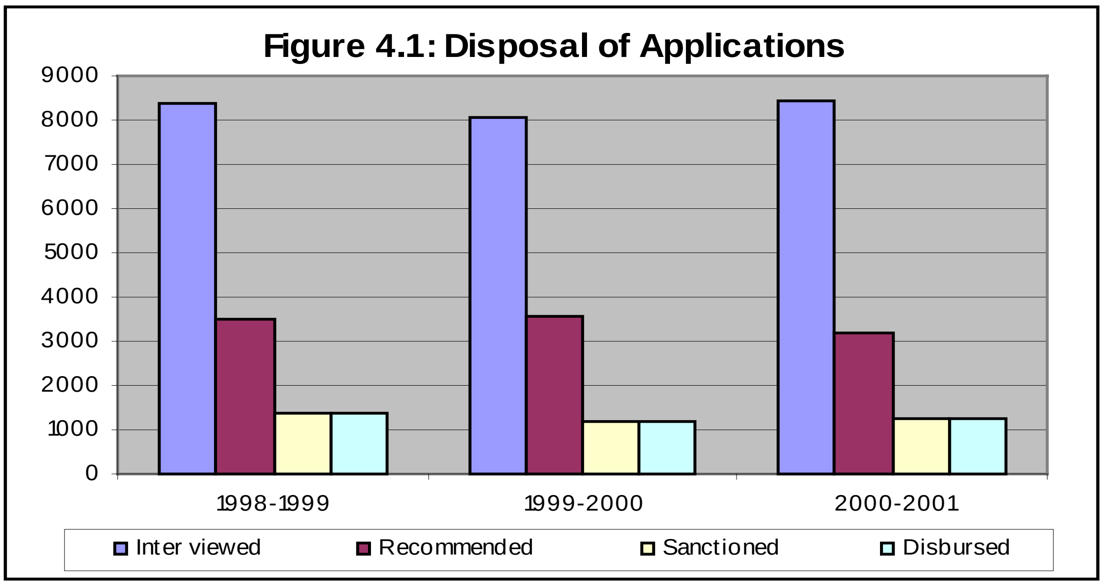
In the first instance, DIC is responsible for screening the applications received. The DIC schedules indicate that over the three years and for the selected three districts totally 43,860 application forms were distributed and only 28,630 filled in applications were received. After processing 24,877 applications at the DIC's (rejecting the incomplete forms at the outset), 10,253 applications were placed before the Task Force Committee. The Task Force Committee, in turn, recommended 4,160 to the Banks. Banks finally sanctioned 3,829 applications. The target to be achieved was fixed at 7,099, out of which only 3,829 cases were sanctioned.

It is obvious by the number of applications received that the scheme is quite popular. Over three years, it can be observed that the distribution of forms have increased and also the filled in applications. This signifies that, although the scheme has been popular in terms of awareness, the number of eligible beneficiaries applying for the scheme are not many. However, the number of cases sanctioned shows a decreasing trend. It is important to create awareness among the people about the specific requirements to apply which is evident by the rejection of applications. Further evaluation of various aspects helps in giving insights into the various reasons for not reaching the target. In this context, it is important to understand the lacunae and rectify them to improve the performance of the scheme.

Table 4.1: Targets, Application Received, Recommended, Sanctioned, Disbursed, Units Working and Closed: Year-wise

Year	Target	Forms Distributed	Applications Filed		Cases			
			Direct	Through Banks	Inter viewed	Recommended	Sanctioned	Disbursed
ALL								
1998-1999	2340	12665	9131	0	8354	3494	1391	1382
1999-2000	2369	14710	9534	0	8072	3567	1198	1190
2000-2001	2390	16485	9965	0	8451	3192	1240	1234
Grand Total	7099	43860	28630	0	24877	10253	3829	3806

Source: IAMR tables from DIC schedules



District wise details about the processing of applications will give an insight about the performance levels in specific districts.

Table 4.2: Targets, Application Received, Interviewed, Recommended, Sanctioned and Disbursed: Across Districts

District	Target	Applications Received by DIC	Applications Interviewed by DIC	Recommended to TFC by DIC	Recommended to Banks by TFC	Cases Sanctioned by Banks	Cases Disbursed by Banks
Kolar	**3245**	**13089**	**12143**	**4491**	**1456**	**1277**	**1266**
Raichur	**2159**	**8572**	**8025**	**2793**	**1460**	**1381**	**1369**
Udupi	**1695**	**6555**	**4709**	**2969**	**1244**	**1171**	**1171**
Grand Total	**7099**	**28216**	**24877**	**10253**	**4160**	**3829**	**3806**

Source: IAMR tables from DIC schedules

The distribution of rejected applications appears in table 4.3. It was quite clear that the DIC, Kolar and DIC, Udupi, did not consider this information important and hence could not locate that despite repeated requests. We could get some information from Udupi DIC but it was told that nothing of that information is available at Koalr. Raichur DIC however provided us with full information on the typology of rejected applications. Total rejected applications due to non-viable enterprise plan were 3,608 and about two-third of these have been rejected due to incomplete information, besides being outside the income limit and not belonging to the district (or rural areas) It is however, difficult to conclude anything from this data as these reasons are recorded by the case workers, and cross-checking with the applicant is difficult. We have had cases where an applicant rejected in the years of reference (1998-2001) have obtained loan for the same enterprise and project after sometime, by concealing the information that he/she had applied earlier.

Table 4.3: Distribution of Rejected Applications by Task Force by Reason

District / Year	Unviable Cases	Incomplete Information	Outside Income Limit	Age Criteria Not Met	Residential Criteria Not Met	Inadequate Skill for Project	Others
Kolar							
1998-1999	0	0	0	0	0	0	0
1999-2000	0	0	0	0	0	0	0
2000-2001	0	0	0	0	0	0	0
Sub Total	0	0	0	0	0	0	0
Raichur							
1998-1999	1029	428	208	94	229	48	97
1999-2000	1120	410	193	87	214	56	67
2000-2001	1412	376	257	104	276	64	89
Sub Total	3561	1214	658	285	719	168	253
Udupi							
1998-1999	22	0	0	0	0	46	53
1999-2000	8	0	0	0	0	30	53
2000-2001	17	0	0	0	0	29	69
Sub Total	47	0	0	0	0	105	175
Grand Total	**3608**	**1214**	**658**	**285**	**719**	**273**	**428**

Source: Table 9

At times, even the cases, which have been declared eligible and sanctioned, did not avail of the loan. We came across 155 such cases across the three districts and during the time period. Largest share of these are due to refusal by the beneficiaries to take the loan (see table 4.4). Majority of them were located in Kolar district which is closer to Bangalore city and thus has more job opportunities, making the scheme less lucrative for the beneficiary.

Table 4.4: Distribution of Sanctioned Cases Not Disbursed by Reason

District / Year		Non Availability of Funds	Completion of Bank Target	Refused to take loan	Got Employed Elsewhere	Others
Kolar	1998-1999	0	0	6	1	34
	1999-2000	0	0	6	1	51
	2000-2001	0	0	2	0	40
	Sub Total	0	0	14	2	125
Raichur	1998-1999	0	2	0	2	1
	1999-2000	0	4	0	1	1
	2000-2001	0	5	0	0	0
	Sub Total	0	11	0	3	2
Udupi	1998-1999	2	0	7	0	3
	1999-2000	1	2	7	1	18
	2000-2001	1	0	16	0	7
	Sub Total	4	2	30	1	28
Grand Total		4	13	44	6	155

Source: Bank Form
Table 27 – IAMR Tabulation

After the processing by DIC, even the banks also return the cases due to various reasons. These are presented in table 4.5. `Completion of Target' is cited as a reason in 410 cases, but this is difficult to reconcile as the applications are sent in bulk from DIC to the bank. Therefore, there is sufficient room to believe that Bank Managers have their performances for rejecting the cases due to completion of targets.

Table 4.5: Distribution of Cases Returned by Banks to DIC by Reason

District / Year / Activity		Completion of Targets	Project report not endorsed	Testimonials / Affidavits not enclosed	Project not found viable	Others
Kolar						
	1998-1999	147	0	0	19	2
	1999-2000	110	0	0	50	1
	2000-2001	135	0	0	52	4
Sub Total		392	0	0	121	7
Raichur	1998-1999	3	0	0	75	0
	1999-2000	5	6	0	54	0
	2000-2001	7	0	0	37	0
Sub Total		15	6	0	166	0
Udupi	1998-1999	0	2	0	18	3
	1999-2000	1	0	0	15	5
	2000-2001	2	0	0	11	3
Sub Total		3	2	0	44	11
Grand Total		410	8	0	331	18

Source: Bank Form; Table 26– IAMR Tabulation

Table 4.6: Targets, Application Received, Interviewed, Recommended, Sanctioned and Disbursed

District / Year	Target	No. Application Received	Ratio of App Received to Target	No. of App Interviewed	Ratio of App Interviewed to App Received	Cases Recommended to Banks	Ratio of Cases Recommended to App Interviewed	Cases Sanctioned	Ratio of Cases Sanctioned to Cases Recommended	Cases Disbursed	Ratio of Cases Sanctioned to Cases Disbursed
Kolar											
1998-1999	710	4145	5.84	4172	1.01	552	0.13	473	0.86	467	0.99
1999-2000	720	4181	5.81	3685	0.88	426	0.12	386	0.91	382	0.99
2000-2001	740	4763	6.44	4286	0.90	478	0.11	418	0.87	417	1.00
Sub Total	**2170**	**13089**		**12143**		**1456**		**1277**		**1266**	
Raichur											
1998-1999	710	2654	3.74	2529	0.95	520	0.21	496	0.95	493	0.99
1999-2000	719	2898	4.03	2675	0.92	454	0.17	437	0.96	433	0.99
2000-2001	730	3020	4.14	2821	0.93	486	0.17	448	0.92	443	0.99
Sub Total	**2159**	**8572**		**8025**		**1460**		**1381**		**1369**	
Udupi											
1998-1999	555	2039	3.67	1653	0.81	454	0.27	422	0.93	422	1.00
1999-2000	560	2620	4.68	1712	0.65	397	0.23	375	0.94	375	1.00
2000-2001	580	1896	3.27	1344	0.71	393	0.29	374	0.95	374	1.00
Sub Total	**1695**	**6555**		**4709**		**1244**		**1171**		**1171**	
Grand Total	**6024**	**28216**		**24877**		**4160**		**3829**		**3806**	

Source: DIC Master sheet & Bank sheet
Table 1 – IAMR Tabulation

4.3.2. Task Force Committee

The Task Force Committee receives the applications from the DIC for further scrutiny and processing. From the information received by the Task Force Committee, frequent meetings were held in all the years, which are attributed to huge number of applications received. Although the number of candidates interviewed was 10,253 only 4,160 were qualified for recommendation to the banks. Out of the total applications rejected by the bank, majority of the applications were rejected due to non-viability of the project, whereas a few were rejected as they were already employed or falling out of the service area of the bank.

Table 4.7: Distribution of Applications Rejected by Banks by Reasons

District / Year		Unviable Projects	Incomplete Applications	Income Criteria Not Met	Age Criteria Not Met	Residential Criteria Not Met	Already Employed	Out of Service Area	Others
Kolar									
	1998-1999	26	5	0	0	0	0	1	1
	1999-2000	44	1	0	0	0	0	14	9
	2000-2001	53	0	0	0	0	0	1	3
	Sub Total	**123**	**6**	**0**	**0**	**0**	**0**	**16**	**13**
Raichur									
	1998-1999	33	0	7	0	0	1	1	0
	1999-2000	40	0	2	0	0	4	3	0
	2000-2001	32	0	1	0	0	3	5	0
	Sub Total	**105**	**0**	**10**	**0**	**0**	**8**	**9**	**0**
Udupi									
	1998-1999	11	0	0	1	0	2	1	3
	1999-2000	26	0	0	0	0	0	1	13
	2000-2001	8	0	0	0	0	0	0	18
	Sub Total	**45**	**0**	**0**	**1**	**0**	**2**	**2**	**34**
Grand Total		**273**	**6**	**10**	**1**	**0**	**10**	**27**	**47**

Source: Bank Form and Table generated by IAMR, Table No: 25

Table 4.8: Overall Performance of the Task Force Committee

Year	Number of Meetings Held	Number of Officers who Attended	Cases Placed Before TFC	Numbers Recommended
1998-99	33	304	3494	1526
1999-2000	34	318	3567	1277
2000-01	37	309	3192	1357
All years	104	931	10253	4160

Source: IAMR tables from DIC schedules

Table 4.9: District-wise Details of Recommended Cases

District/Year	Recommended to TFC by DIC	Recommended to Banks by TFC	Cases Sanctioned by Banks	Cases Disbursed by Banks
Kolar	4491	1456	1277	1266
Raichur	2793	1460	1381	1369
Udupi	2969	1244	1171	1171
Grand Total	10253	4160	3829	3806

Source: IAMR tables from DIC schedules

It can be seen from the above table 4.6 that all the districts received sizeable number of applications, while the target to be achieved was considerably low. However, most of them were called for interview, the number of cases recommended at different levels had to be quite low and in none of the districts the targets were reached (table 4.6). Similarly, the cases sanctioned again were further reduced in all the three districts.

4.4. Eligibility Criteria

4.4.1. Age

PMRY scheme has the specified norms for age between 18 to 35 years, with relaxation of the upper limit in the cases of SC/ST, physically handicapped, ex-servicemen and women up to 45 years. Data indicate that there were 29 beneficiaries above 45 years who had been given loan and 2 below 18 years. Expectedly, the beneficiaries belonging to the age group between 25 and 29 formed the largest group, which indicates strict following of the age norms. The beneficiaries belonging to this group might have demonstrated maturity in handling the projects as revealed from the kinds of proposals placed before the banks.

Table 4.10: Distribution of Beneficiaries by Age

District	<18	18-20	21-24	25-29	30-34	35-39	40-45	>45	NR	Total
Kolar	0	3	54	311	446	288	60	15	86	1263
Raichur	1	1	72	380	352	146	23	10	383	1367
Udupi	1	15	97	374	326	152	30	4	159	1157
Total	2	19	223	1065	1124	586	113	29	628	3787

Source: IAMR tables generated from schedules

4.4.2. Education Level as Criteria

A majority of the beneficiaries who availed loan had passed their matriculation followed by beneficiaries who had a graduate degree. Beneficiaries who had technical background were quite small in number, although preference was to be given to beneficiaries with technical background according to the guidelines. This indicates that a majority of the beneficiaries belonged to the minimum qualification group. Therefore, effective and focussed training became necessary for the effective implementation of the scheme.

Table 4.11: Distribution of Beneficiaries Based on Educational Level

District	Below matric	Graduate Technical	Graduate (General)	Intermediate	ITI/Vocational Training	Master Degree and above	Matric	NR	Total
Kolar	54	18	148	228	31	2	611	171	1263
Raichur	21	6	98	239	41	0	566	396	1367
Udupi	80	14	139	222	23	5	510	164	1157
Total	155	38	385	689	95	7	1687	731	3787

Source: IAMR tables generated from schedules

4.4.3. Income

As specified in the guidelines, the income-ceiling limit of the beneficiaries should be Rs. 40,000 per annum to avail the loan. The data indicate that, huge number of beneficiaries fall into the category of NR – 'Not responded'. The rest of the beneficiaries fall into the category as prescribed in the limits. A majority of the beneficiaries come under less than Rs.15,000 income group. It is very difficult to ascertain the actual income of the beneficiaries since data collected was based on the income specified by the beneficiaries. Observations by the field staff indicate that there were beneficiaries who did not fall into the ceiling limits and were economically well off in many cases. In this context, it is also important to increase the ceiling limit as suggested by various stakeholders because of the tendency to provide false information.

Table 4.12: Distribution of Beneficiaries by Annual Personal Income

District	Less than 15000	15001-25000	25001-40000	NR	Total
Kolar	**767**	**114**	**33**	**349**	**1263**
Raichur	**418**	**77**	**20**	**852**	**1367**
Udupi	**299**	**85**	**58**	**715**	**1157**
Total	**1484**	**276**	**111**	**1916**	**3787**

Note: NR – Not Reported
Source: IAMR tables generated from schedules

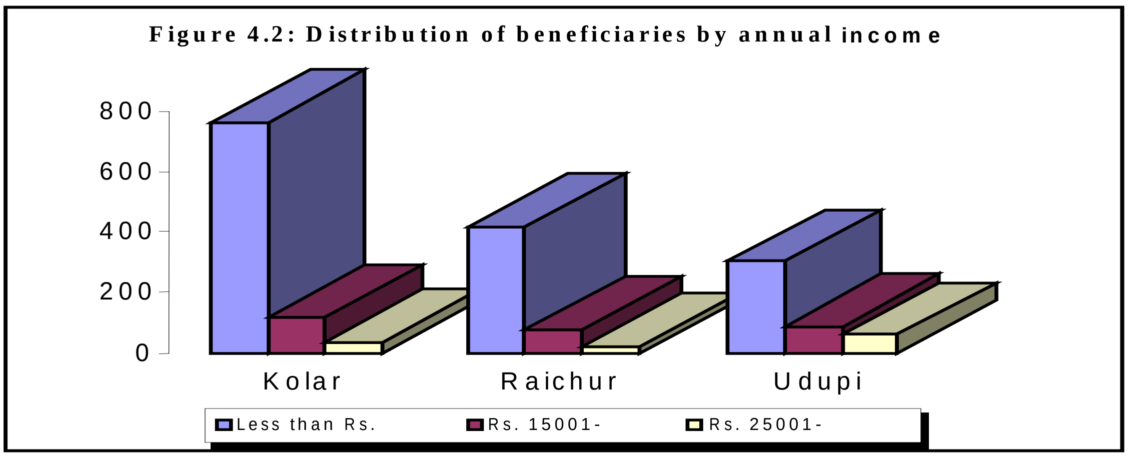


Table 4.13: Distribution of Beneficiaries by Annual Household Income

District	Less than Rs. 15000	Rs 15001-25000	Rs 25001-40000	NR	Total
Kolar	**523**	**259**	**338**	**143**	**1263**
Raichur	**509**	**237**	**201**	**420**	**1367**
Udupi	**535**	**189**	**160**	**273**	**1157**
Total	**1567**	**685**	**699**	**836**	**3787**

Note: NR – Not Reported
Source: IAMR tables generated from schedules

4.4.4. Training Received by Beneficiaries Other Than Compulsory Training Arranged by DIC Under the PMRY Scheme

The proportion of beneficiaries who have undergone vocational training is just 28.18 percent of the total beneficiaries which is however higher than those who have undergone training in informal training (24.11 per cent). But the proportion of beneficiaries' undergone training in other trades is higher than these two categories, which is accounted for 85.84 per cent of the total beneficiaries. Among these trained in various types of trades, the proportion of female beneficiaries with training is very less. This account for 12.8 per cent to 17 per cent, which is les than the male proportion of 81 per cent to 90 per cent. Similar trend is observed across the districts and activities (Table 4.14).

Table4.14: Percentage Distribution of Beneficiaries by Training Received (1998-99 to 2000-01)

District/ Activity		Vocational Training during School		Training in any trade		Informal Training	
		Yes	**No**	**Yes**	**No**	**Yes**	**No**
Kolar							
Business	Female	37.25	62.75	97.25	2.75	17.65	82.35
	Male	10.88	89.12	98.87	1.13	5.08	94.92
	Total	**17.86**	**82.14**	**98.44**	**1.56**	**8.411**	**91.59**
Industry	Female	15.38	84.62	100.00	0.00	20.00	80.00
	Male	8.70	91.30	97.30	2.70	12.99	87.01
	Total	**9.76**	**90.24**	**97.56**	**2.44**	**13.41**	**86.59**
Service	Female	20.00	80.00	91.11	8.89	20.00	80.00
	Male	11.49	88.51	97.13	2.87	33.33	66.67
	Total	**13.24**	**86.76**	**95.89**	**4.11**	**30.59**	**69.41**
Total	Female	33.87	66.13	96.43	3.57	18.03	81.97
	Male	10.83	89.17	98.43	1.57	10.84	89.16
	Total	**16.53**	**83.47**	**97.94**	**2.06**	**12.58**	**87.42**
Raichur							
Business	Female	16.36	83.64	47.27	52.73	10.91	89.09
	Male	91.75	8.25	54.12	45.88	12.89	87.11
	Total	**86.76**	**13.24**	**53.67**	**46.33**	**12.76**	**87.24**
Industry	Female	66.67	33.33	0.00	100.00	0	100.00
	Male	14.49	85.51	5.80	94.20	31.88	68.12
	Total	**16.67**	**83.33**	**5.56**	**94.44**	**30.56**	**69.44**
Service	Female	11.76	88.24	91.18	8.82	14.71	85.29
	Male	8.14	91.86	93.02	6.98	25.58	74.42
	Total	**8.41**	**91.59**	**92.89**	**7.11**	**24.78**	**75.22**
Total	Female	16.30	83.70	61.96	38.04	11.96	88.04
	Male	59.37	40.63	64.63	35.37	18.20	81.80
	Total	**56.47**	**43.53**	**64.45**	**35.55**	**17.78**	**82.22**
Udupi							
Business	Female	18.95	81.05	100.00	0.00	15.79	84.21
	Male	9.68	90.32	97.85	2.15	36.34	63.66
	Total	**11.25**	**88.75**	**98.21**	**1.79**	**32.86**	**67.14**
Industry	Female	18.75	81.25	100.00	0.00	43.75	56.25
	Male	11.96	88.04	94.57	5.43	58.70	41.30
	Total	**12.96**	**87.04**	**95.37**	**4.63**	**56.48**	**43.52**
Service	Female	11.32	88.68	98.11	1.89	54.72	45.28
	Male	9.43	90.57	98.16	1.84	54.48	45.52
	Total	**9.63**	**90.37**	**98.16**	**1.84**	**54.51**	**45.49**
Total	Female	16.46	83.54	99.39	0.61	31.10	68.90
	Male	9.78	90.22	97.68	2.32	46.37	53.63
	Total	**10.73**	**89.27**	**97.92**	**2.08**	**44.20**	**55.80**
Grand Total							
Business	Female	30.12	69.88	91.11	8.89	16.30	83.70
	Male	42.79	57.21	80.81	19.19	15.65	84.35
	Total	**40.61**	**59.39**	**82.58**	**17.42**	**15.76**	**84.24**
Industry	Female	21.88	78.13	88.89	11.11	33.33	66.67
	Male	11.74	88.26	69.36	30.64	36.13	63.87
	Total	**12.98**	**87.02**	**71.37**	**28.63**	**35.88**	**64.12**
Service	Female	14.39	85.61	93.94	6.06	32.58	67.42
	Male	9.24	90.76	95.86	7.03	38.98	61.02
	Total	**9.82**	**90.18**	**95.64**	**4.36**	**38.26**	**61.74**
Total		**29.18**	**70.82**	**85.85**	**14.15**	**24.11**	**75.89**

Source: Table generated by IAMR, Table No. 45

4.5. Social Categories of Beneficiaries

4.5.1. Reserved Groups

Guidelines of PMRY provide reservations for Scheduled Castes and Scheduled Tribes beneficiaries at 22.5 per cent and other backward castes and Women applicants at 27 per cent. An overview of the cases recommended from among these categories to the total applications received helps in evaluating whether the scheme has been tuned to benefit this group.

Table 4.15: Applications Received by Sex and Social Class

(Per cent to total)

District	SC		ST		OBC		General		Total
	Male	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**	
Kolar	**22.6**	**2.8**	**2.9**	**0.4**	**45.3**	**5.7**	**17.9**	**2.4**	**100.0**
Raichur	**12.0**	**1.5**	**3.9**	**0.4**	**59.4**	**8.6**	**12.3**	**1.7**	**100.0**
Udupi	**3.8**	**0.9**	**3.3**	**0.4**	**43.4**	**7.9**	**33.3**	**7.1**	**100.0**
Total	**15.0**	**1.9**	**3.3**	**0.4**	**49.1**	**7.1**	**19.8**	**3.3**	**100.0**

Source: Table generated by IAMR, Table No: 3

It can be seen that about 20.6 per cent of the applications received belonged to SC/ST communities and about 56 per cent belonged to OBC category. The number of male applicants was 87.2 per cent, which indicates that irrespective of social categories, applications received from the men were quite high. Of the total numbers of applications received from Kolar District, 46 per cent belonged to SC/ST categories. Even among men and female applicants, Kolar district exceeded the other two. Udupi shows the lowest rank among the applications received in total. The data again highlights the fact that the scheme is popular in these districts irrespective of caste groups.

Table 4.16: Number of Applications Interviewed by Sex and Social Classes

(Per cent to total)

District	SC		ST		OBC		General		Total
	Male	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**	
Kolar	**22.0**	**2.7**	**3.0**	**0.4**	**47.0**	**5.6**	**17.1**	**2.3**	**100.0**
Raichur	**12.4**	**1.5**	**3.6**	**0.4**	**59.9**	**8.4**	**12.4**	**1.5**	**100.0**
Udupi	**3.3**	**1.4**	**2.8**	**0.4**	**43.7**	**9.1**	**31.9**	**7.5**	**100.0**
Total	**15.4**	**2.0**	**3.1**	**0.4**	**50.6**	**7.1**	**18.4**	**3.0**	**100.0**

Source: Table generated by IAMR, Table No: 4

Although the scheme provides 22.5 per cent reservation for candidates belonging to SC/ST groups, due to the eligibility constraint DIC interviewed 17.40 per cent of applicants belonging to Scheduled Castes and 3.49 per cent applicants from Scheduled Tribes. The total number of SC/ST applicants interviewed by DIC was 5,200. But when it comes to applications recommended by DIC to the bank, we find only 227 applications passed through the screening (Table 4.11). Cases sanctioned by the banks is still less than that. This again reiterates that the applicants belonging to SC/ST who are keen on setting up ventures but are rejected at the banks. This needs further probing of the situation in specific districts.

Table 4.17: Percentage of Applications Recommended by Sex and Social Classes

(Per cent to Total)

District	Male					Female				
	SC*	ST*	OBC*	General*	Total**	SC*	ST*	OBC*	General*	Total**
Kolar	18.8	5.7	28.5	47.0	79.6	21.0	2.9	28.7	47.4	20.4
Raichur	10.5	11.0	1.8	76.7	90.4	14.0	0.0	0.0	86.0	9.6
Udupi	2.0	2.0	32.6	63.3	85.1	3.2	2.1	31.4	63.2	14.9
Total	11.9	4.9	26.6	56.6	84.6	15.6	3.2	28.1	53.1	15.4

Note: * - Figures are percentages of male/female in each social classes to their respective totals in the period; ** - Total figures are percentages to the total applications recommended in the districts in the period

Source: Tables generated by IAMR, Table No: 5.

The recommended cases of OBC applicants was much higher comparatively and that stand at 9.8 per cent of the total women applicants recommended in comparison to the applications received is also quite low.

Table 4.18: Cases Which are Sanctioned and Disbursement of Loan Completed

District/Year	Cases Sanctioned by Banks	Cases Disbursed by Banks
Kolar	1277	1266
Raichur	1381	1369
Udupi	1171	1171
Grand Total	3829	3806

Source: IAMR tables generated from schedules

An analysis of the data reveals that the sanctioned cases were less than the target specified and disbursement was further less, but the difference was marginal. However, in Udupi all the sanctioned cases were disbursed. The reasons for this situation were: beneficiaries had not satisfied the formalities on time and some beneficiaries had not claimed for the loan although sanctioned.

We have obtained the distribution of sanctioned cases by amount of loan applied for the three districts across years and activities (see table 4.19). Large number of cases are in the Business as an activity, followed by Services and Industry. There were some cases which were difficult to be characterized as the DIC did not maintain proper record against them. It is quite visible that Business and Service sector is taking priority over Industries.

Table 4.19: `Distribution of Sanctioned Cases by Amount of Loan Applied

	Range	1998-99	1999-2000	2000-2001	Total	1998-1999	1999-2000	2000-2001	Total	1998-1999	1999-2000	2000-2001	Total	
Business	<=50000	201	158	171	530	96	80	108	284	80	71	78	229	**1043**
	50001-70000	50	58	42	150	32	23	25	80	39	25	19	83	**313**
	70001-90000	16	14	35	65	14	14	25	53	33	29	33	95	**213**
	90001-100000	16	19	26	61	25	9	14	48	25	35	38	98	**207**
	>100000	5	6	5	16	0	5	2	7	3	3	5	11	**34**
	NR	56	34	40	130	120	119	108	347	9	17	14	40	**517**
	Total	**344**	**289**	**319**	**952**	**287**	**250**	**282**	**819**	**189**	**180**	**187**	**556**	**2327**
Industries	<=50000	13	4	15	32	8	1	3	12	12	10	9	31	75
	50001-70000	3	4	6	13	4	0	2	6	8	4	5	17	36
	70001-90000	4	3	4	11	7	4	4	15	9	1	8	18	44
	90001-100000	2	2	5	9	5	1	2	8	14	7	9	30	47
	>100000	0	3	2	5	1	2	1	4	1	1	1	3	12
	NR	5	4	2	11	6	12	7	25	2	2	4	8	44
	Total	**27**	**20**	**34**	**81**	**31**	**20**	**19**	**70**	**46**	**25**	**36**	**107**	**258**
Services	<=50000	35	21	32	88	37	39	28	104	52	36	36	124	316
	50001-70000	20	23	8	51	18	21	21	60	53	56	52	161	272
	70001-90000	12	9	10	31	8	17	11	36	15	20	16	51	118
	90001-100000	5	5	2	12	12	11	8	31	39	22	13	74	117
	>100000	1	3	5	9	1	3	3	7	2	7	4	13	29
	NR	15	9	0	24	74	73	70	217	15	25	24	64	305
	Total	**88**	**70**	**57**	**215**	**150**	**164**	**141**	**455**	**176**	**166**	**145**	**487**	**1157**
NR	<=50000	11	5	1	17	11	1	2	14	1	0	0	1	32
	50001-70000	0	1	0	1	3	0	0	3	2	1	0	3	7
	70001-90000	1	0	2	3	1	0	0	1	0	0	3	3	7
	90001-100000	0	0	0	0	4	0	0	4	5	2	2	9	13
	>100000	0	0	2	2	0	0	0	0	0	0	0	0	2
	NR	2	1	3	6	9	2	4	15	3	1	1	5	26
	Total	**14**	**7**	**8**	**29**	**28**	**3**	**6**	**37**	**11**	**4**	**6**	**21**	**87**
Total		**473**	**386**	**418**	**1277**	**496**	**437**	**448**	**1381**	**422**	**375**	**374**	**1171**	**3829**

Source: DIC Master sheet and Bank sheet; Table 16

Table 4.20: Distribution of Sanctioned Cases by Amount of Loan Sanctioned

Activities	Amount Sanctioned	1998-99	1999-2000	2000-01	Total	1998-99	1999-2000	2000-01	Total	1998-99	1999-2000	2000-01
Business	<50,000	264	179	224	667	172	150	167	489	84	82	86
	50,000-70,000	52	69	46	167	61	52	50	163	39	26	23
	70,000-90,000	15	17	32	64	27	32	43	102	38	33	40
	>90,000	13	24	17	54	27	16	22	65	28	39	38
	Total	**344**	**289**	**319**	**952**	**287**	**250**	**282**	**819**	**189**	**180**	**187**
Industries	<50,000	16	4	17	37	13	3	5	21	16	10	11
	50,000-70,000	3	4	7	14	6	4	3	13	6	4	5
	70,000-90,000	6	4	4	14	7	7	8	22	7	3	13
	>90,000	2	8	6	16	5	6	3	14	17	8	7
	Total	**27**	**20**	**34**	**81**	**31**	**20**	**19**	**70**	**46**	**25**	**36**
Services	<50,000	43	29	33	105	76	85	65	226	61	49	42
	50,000-70,000	26	26	8	60	43	40	39	122	57	62	62
	70,000-90,000	13	7	11	31	14	23	18	55	18	24	23
	>90,000	6	8	5	19	17	16	19	52	40	31	18
	Total	**88**	**70**	**57**	**215**	**150**	**164**	**141**	**455**	**176**	**166**	**145**
NR	<50,000	13	5	3	21	15	2	3	20	3	1	1
	50,000-70,000	0	1	1	2	7	1	2	10	3	1	0
	70,000-90,000	1	0	2	3	1	0	1	2	0	0	3
	>90,000	0	1	2	3	5	0	0	5	5	2	2
	Total	**14**	**7**	**8**	**29**	**28**	**3**	**6**	**37**	**11**	**4**	**6**
Grand Total		**473**	**386**	**418**	**1277**	**496**	**437**	**448**	**1381**	**422**	**375**	**374**

Source: DIC Master sheet and Bank sheet; NR – Not Recorded in in DIC or bank records.
Table 16-A

Similarly, we also obtained the distribution of beneficiaries by amount of loans sanctioned. This is presented in table 4.19. Once again, it can be seen that Business and Service sector attract more investment than Industries. This is also true when we look at the loan disbursed per beneficiary. The observable trend clearly shows the high growth in tertiary sector and manufacturing sector taking a back seat.

Table 4.21: Distribution of Sanctioned Cases by Percentage of Amount Sanctioned to Amount Applied

District/Year/Activity			100	90-99	80-89	70-79	60-69	50-59	1-49	NR	TOTAL
Kolar	1998-1999	Business	249	2	6	4	6	6	15	56	**344**
		Industry	19	3	0	0	0	0	0	5	**27**
		Service	68	1	0	0	1	2	1	15	**88**
		NR	12	0	0	0	0	0	0	2	**14**
		Total	**348**	**6**	**6**	**4**	**7**	**8**	**16**	**78**	**473**
	1999-2000	Business	226	2	3	4	5	11	4	34	**289**
		Industry	12	2	1	0	1	0	0	4	**20**
		Service	51	0	2	1	1	4	2	9	**70**
		NR	6	0	0	0	0	0	0	1	**7**
		Total	**295**	**4**	**6**	**5**	**7**	**15**	**6**	**48**	**386**
	2000-2001	Business	229	1	7	6	9	8	19	40	**319**
		Industry	29	0	0	1	1	1	0	2	**34**
		Service	47	1	2	1	3	2	1	0	**57**
		NR	3	0	0	0	0	0	2	3	**8**
		Total	**308**	**2**	**9**	**8**	**13**	**11**	**22**	**45**	**418**
	Total		**951**	**12**	**21**	**17**	**27**	**34**	**44**	**171**	**1277**
Raichur	1998-1999	Business	146	5	5	1	3	3	4	120	**287**
		Industry	22	0	0	0	1	2	0	6	**31**
		Service	63	0	1	1	4	4	3	74	**150**
		NR	18	0	1	0	0	0	0	9	**28**
		Total	**249**	**5**	**7**	**2**	**8**	**9**	**7**	**209**	**496**
	1999-2000	Business	113	1	0	2	4	4	7	119	**250**
		Industry	4	2	0	1	0	0	1	12	**20**
		Service	71	2	1	2	3	5	7	73	**164**
		NR	1	0	0	0	0	0	0	2	**3**
		Total	**189**	**5**	**1**	**5**	**7**	**9**	**15**	**206**	**437**
	2000-2001	Business	147	2	3	5	4	3	10	108	**282**
		Industry	11	0	1	0	0	0	0	7	**19**
		Service	56	2	7	1	2	1	2	70	**141**
		NR	2	0	0	0	0	0	0	4	**6**
		Total	**216**	**4**	**11**	**6**	**6**	**4**	**12**	**189**	**448**
	Total		**654**	**14**	**19**	**13**	**21**	**22**	**34**	**604**	**1381**
Udupi	1998-1999	Business	175	0	0	2	0	0	3	9	**189**
		Industry	39	1	1	0	1	1	1	2	**46**
		Service	155	1	0	1	1	3	0	15	**176**
		NR	8	0	0	0	0	0	0	3	**11**
		Total	**377**	**2**	**1**	**3**	**2**	**4**	**4**	**29**	**422**
	1999-2000	Business	149	7	2	0	0	4	1	17	**180**
		Industry	21	0	1	0	0	1	0	2	**25**
		Service	127	5	1	1	4	2	1	25	**166**
		NR	3	0	0	0	0	0	0	1	**4**
		Total	**300**	**12**	**4**	**1**	**4**	**7**	**2**	**45**	**375**
	2000-2001	Business	154	5	4	5	3	0	2	14	**187**
		Industry	27	3	1	1	0	0	0	4	**36**
		Service	115	2	0	2	1	0	1	24	**145**
		NR	5	0	0	0	0	0	0	1	**6**
		Total	**301**	**10**	**5**	**8**	**4**	**0**	**3**	**43**	**374**
	Total		**978**	**24**	**10**	**12**	**10**	**11**	**9**	**117**	**1171**
	Total		**2583**	**50**	**50**	**42**	**58**	**67**	**87**	**892**	**3829**

NR – Not Recorded in in DIC or bank records; Source: DIC Master sheet & Bank sheet; Table 17

Table 4.22: Distribution of Banks by Number of TFC Meetings Attended

District/Year		Quarter1	Quarter 2	Quarter 3	Quarter 4	Total
Kolar	**1998-1999**	2	5	7	3	**17**
	1999-2000	2	5	6	4	**17**
	2000-2001	2	5	7	3	**17**
	Total	**6**	**15**	**20**	**10**	**51**
Raichur	**1998-1999**	2	8	6	0	16
	1999-2000	2	8	5	0	15
	2000-2001	2	8	5	0	15
	Total	**6**	**24**	**16**	**0**	**46**
Udupi	**1998-1999**	69	77	63	69	278
	1999-2000	72	80	78	70	300
	2000-2001	73	88	78	81	320
	Total	**214**	**245**	**219**	**220**	**898**
Total		**226**	**284**	**255**	**230**	**995**

Source: Bank Form; Table 21'; Tables generated by IAMR

As indicated, a majority of the cases had availed loan between less than or equal to Rs.50,000. The trend shows that the loans availed by the beneficiaries decreased as the amount increased. It indicates that the loans were sanctioned to beneficiaries of ventures that needed less investment.

Table 4.23: Distribution of Beneficiaries by Sources of Help in Getting Loan

District	DIC	Bank Officials	Any Outside Agency	Any NGO	Trade Unions	Family members and friends	Local authorities like Panchayat	Community people	Others	Total
Kolar	**939**	**1000**	**55**	**23**	**151**	**945**	**299**	**203**	**2**	**3617**
Raichur	**940**	**932**	**104**	**62**	**97**	**818**	**269**	**252**	**4**	**3478**
Udupi	**946**	**932**	**72**	**225**	**156**	**839**	**666**	**291**	**18**	**4145**
Total	**2825**	**2864**	**231**	**310**	**404**	**2602**	**1234**	**746**	**24**	**11240**

Source: IAMR tables generated from schedules

Table 4.24: Distribution of Beneficiaries by Source of Guidance at Various Stages of Setting up of Ventures

	Family members	Friends/relatives	DIC/ Banks	Persons in trade/activity	NGOs	Any other	Total
Selection of Activity	**937**	**74**	**19**	**43**	**0**	**134**	**1207**
Investment required and preparation of project report	**337**	**536**	**178**	**78**	**0**	**57**	**1186**
Source of finance	**468**	**231**	**542**	**2**	**0**	**84**	**1327**
Selection of place for undertaking the project	**823**	**171**	**69**	**16**	**1**	**132**	**1212**
Source of raw material	**766**	**256**	**35**	**24**	**1**	**126**	**1208**
Market for the product/Business/Service	**880**	**158**	**31**	**34**	**2**	**111**	**1216**
Total	**4211**	**1426**	**874**	**197**	**4**	**644**	**7356**

Source: IAMR tables generated from schedules

Family members are the main motivators for the beneficiaries to start and run the venture at various stages. DIC and Banks have helped the beneficiaries with respect to finance. NGOs had a negligible role in helping the beneficiaries.

Table 4.25: Distribution of Beneficiaries by Training Received

District	Vocational training during schooling		Training in any trade		Informal training		Total
	Yes	**No**	**Yes**	**No**	**Yes**	**No**	
Kolar	**131**	**1029**	**1146**	**16**	**138**	**919**	**3379**
Raichur	**53**	**902**	**503**	**456**	**168**	**655**	**2737**
Udupi	**103**	**849**	**936**	**18**	**388**	**476**	**2770**
Total	**287**	**2780**	**2585**	**490**	**694**	**2050**	**8886**

Source: IAMR tables generated from schedules

Training is an important component of the scheme and the beneficiaries were to enroll into the training programme based on the sector chosen. The training period varies across sectors. For industry sector, the training spans over 15 to 20 days and 7-10 days for service and business. The trainees are given a stipend of Rs.700 to Rs.1,500 per beneficiary. It is a pre-condition that the beneficiaries should undergo the training before the disbursement of the loan. The data indicates that a majority of the beneficiaries had not been exposed to any kind of training prior to applying for the loan and particularly with respect to vocational training. This signifies that the training has to be very focussed for the success of the scheme. The section on views about training in the following chapters compiles the views of various actors on the importance of training and the lacunae that need rectification.

Table 4.26: Distribution of beneficiaries by problems faced with DIC

District	Getting Information about the Scheme		In the Process of Application						Information about the Task Force Interview		Getting Sponsored to some Training Institution	
			Obtaining		**Filling up**		**Submitting**					
	Yes	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
Kolar	**18**	**1141**	**51**	**1109**	**104**	**1055**	**93**	**1066**	**206**	**954**	**148**	**1012**
Raichur	**3**	**950**	**2**	**951**	**304**	**649**	**15**	**937**	**363**	**587**	**311**	**642**
Udupi	**18**	**932**	**16**	**937**	**15**	**938**	**14**	**939**	**89**	**864**	**94**	**858**
Total	**39**	**3023**	**69**	**2997**	**423**	**2642**	**122**	**2942**	**658**	**2405**	**553**	**2512**

Table 4.26 (Contd)

District	Disbursement of loan by Bank		Receipt of Stipend for Training		Grant of Subsidy	
	Yes	**No**	**Yes**	**No**	**Yes**	**No**
Kolar	**82**	**1076**	**189**	**969**	**235**	**925**
Raichur	**330**	**622**	**297**	**656**	**47**	**905**
Udupi	**68**	**884**	**71**	**881**	**88**	**864**
Total	**480**	**2582**	**557**	**2506**	**370**	**2694**

Source: IAMR tables generated from schedules

It is clear from the above table that a majority of the applicants did not face problems in different situations. Obtaining information about the scheme and form was not a problem. However, in filling up the application the number of people who faced problems was high. In Kolar and Raichur, the problems faced were more compared to Udupi.

Table 4.27: Distribution of Beneficiaries by Problems Faced with Banks

District	Sanctioning of the loan			Under-Financing			Providing Collateral Security/ Any other Security			Undue delay in procedures					
										First disbursement after training			**Subsequent disbursement**		
	Yes	**No**	**To a certain extent**	**Yes**	**No**	**To a certain extent**	**Yes**	**No**	**To a certain extent**	**Yes**	**No**	**To a certain extent**	**Yes**	**No**	**To a certain extent**
Kolar	**420**	**635**	**105**	**352**	**729**	**80**	**136**	**1002**	**23**	**353**	**773**	**35**	**349**	**790**	**22**
Raichur	**176**	**472**	**296**	**520**	**378**	**47**	**90**	**796**	**64**	**59**	**780**	**111**	**53**	**800**	**92**
Udupi	**83**	**856**	**15**	**62**	**879**	**10**	**59**	**884**	**7**	**73**	**872**	**5**	**73**	**876**	**1**
Total	**679**	**1963**	**416**	**934**	**1986**	**137**	**285**	**2682**	**94**	**485**	**2425**	**151**	**475**	**2466**	**115**

Source: IAMR tables generated from schedules

The Number of beneficiaries who faced problems with the Banks was more in number in comparison to the problems at the DIC level. About 22 per cent of the beneficiaries faced problem while getting the sanction of the loan. Another 14 per cent did face problems but were hesitant to record and hence, stated as 'to some extent'. The highest proportion of beneficiaries were facing problems with banks in Kolar district. Under-financing of a unit or enterprise was killing the unit well before its establishment itself. More than one-third of the beneficiaries reported under-financing and even though collateral was not needed and about 12 per cent reported insistence on this. The delay in disbursement of the instalments by the banks is a real problem of the beneficiaries.

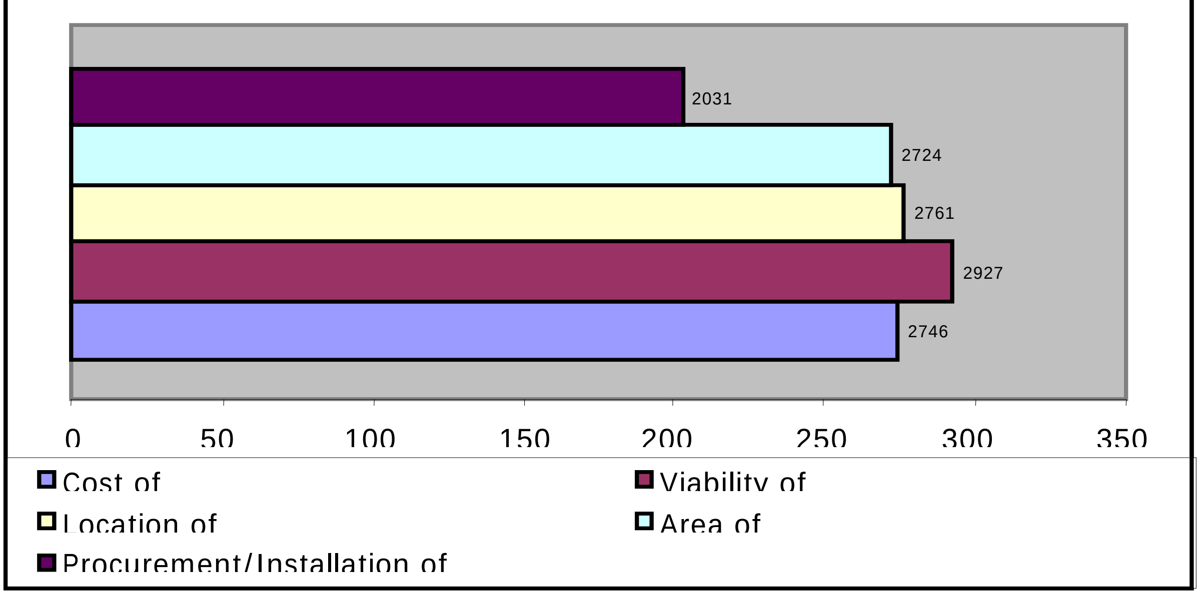
Bank officers visited the location on many occasions in addition to the usual repayment drives. It is reported that the Bank officers visited the location of the enterprise for assessing the cost of project and its viability, trade and procurement as well as installation of machinery. That shows the interest of the bankers in the activities for which they had provided finance.

Table 4.28: Distribution of Beneficiaries by Number of Visits by Bank Officials and Type of Enquiries Made

District/No. of visits by Bank officials	Cost of project	Viability of project	Location of establishment	Area of trade/Activity	Procurement/Installation of plant machinery	Any other	Total
Kolar	**867**	**1055**	**899**	**922**	**430**	**2**	**4175**
Raichur	**932**	**931**	**924**	**924**	**791**	**6**	**4508**
Udupi	**947**	**941**	**938**	**878**	**810**	**10**	**4524**
Total	**2746**	**2927**	**2761**	**2724**	**2031**	**18**	**13207**

Source: IAMR tables generated from schedules

Figure 4.3: Beneficiaries Visits to Banks by Purposes



The beneficiaries also faced some problems in establishing their units. These problems began with obtaining land on rent, getting electrical connection and dealing with the state government departments like revenue, electricity and pollution board. Even though the problems were not of high magnitude these still stalled the business activities. Problems faced with other agencies were comparatively less. In the cases that faced problems with other agencies, it is important to understand the kind of problems they faced, as it could be contextual.

Table 4.29(A): Distribution of Beneficiaries by Problems Faced with Other Agencies

District	Electricity Department			Pollution Authorities			Panchayats/ Town Area Committees/ Municipal Committee etc.			Getting Premises on rent/ Purchase			Land Revenue departments		
	Yes	**No**	**To a certain extent**	**Yes**	**No**	**To a certain extent**	**Yes**	**No**	**To a certain extent**	**Yes**	**No**	**To a certain extent**	**Yes**	**No**	**To a certain extent**
Kolar	**100**	**1053**	**1**	**12**	**1144**	**0**	**45**	**1108**	**2**	**147**	**1006**	**4**	**30**	**1125**	**1**
Raichur	**12**	**899**	**5**	**6**	**923**	**1**	**9**	**917**	**4**	**10**	**922**	**0**	**3**	**921**	**1**
Udupi	**17**	**930**	**1**	**14**	**933**	**0**	**16**	**928**	**4**	**20**	**925**	**3**	**14**	**935**	**1**
Total	**129**	**2882**	**7**	**32**	**3000**	**1**	**70**	**2953**	**10**	**177**	**2853**	**7**	**47**	**2981**	**3**

Source: IAMR tables generated from schedules

Table 4.29(A) Contd .....

Type of Problem

District	**Obtaining raw materials**			**Procurement of Machinery/ equipment**			**Sales Tax**		
	Yes	**No**	**To a certain extent**	**Yes**	**No**	**To a certain extent**	**Yes**	**No**	**To a certain extent**
Kolar	**132**	**1016**	**3**	**89**	**1063**	**0**	**28**	**1118**	**0**
Raichur	**25**	**912**	**0**	**10**	**924**	**1**	**19**	**907**	**0**
Udupi	**39**	**908**	**0**	**21**	**931**	**0**	**18**	**928**	**1**
Total	**196**	**2836**	**3**	**120**	**2918**	**1**	**65**	**2953**	**1**

PMRY aims to provide loan to the target group consisting of the educated unemployed but a majority of the beneficiaries were chosen based on the income criterion. The Table 4.30 shows the distribution of the beneficiaries by their activity status during a period of one year prior to their seeking assistance under the PMRY scheme. It is interesting that only 15 per cent of the beneficiaries were unemployed before applying for PMRY benefit but several were either unpaid family workers or in casual employment or self-employed in the same line.

Distribution of cases by reasons of delay has been presented in table 4.28(B). It is obvious that the delay is largely caused by incomplete information and formalities. Change in activity also emerges as an important reason, followed by variations in quotations and insistence on cash disbursement. As indicated elsewhere, there is also reluctance in taking the loan.

Table 4.29(B): Distribution of Cases by Reasons of Delay by Over a Month After Training

District/Year		Incomplete Formalities	Change Activity	Surety/Guranteer not Available	Variation in Quotations	Inability to deposit margin money	Insistence for Cash Disbursement	Reluctance to take loan	Non Availability of Premises	Transfer of Banking Staff	Others
Kolar											
	1998-1999	68	15	0	4	0	9	8	0	0	2
	1999-2000	51	12	0	3	1	3	2	4	0	1
	2000-2001	62	12	0	3	3	5	7	1	0	1
Sub Total		**181**	**39**	**0**	**10**	**4**	**17**	**17**	**5**	**0**	**4**
Raichur											
	1998-1999	1	0	1	2	0	0	1	0	0	0
	1999-2000	2	1	0	1	0	0	1	0	0	0
	2000-2001	1	1	1	2	0	0	0	0	0	0
Sub Total		**4**	**2**	**2**	**5**	**0**	**0**	**2**	**0**	**0**	**0**
Udupi											
	1998-1999	8	0	0	0	1	0	0	0	1	0
	1999-2000	2	1	0	1	3	0	0	1	0	0
	2000-2001	8	0	0	0	1	0	1	0	0	0
Sub Total		**18**	**1**	**0**	**1**	**5**	**0**	**1**	**1**	**1**	**0**
Grand Total		**203**	**42**	**2**	**16**	**9**	**17**	**20**	**6**	**1**	**4**

Source: Bank Form; Table 28, Tables prepared by IAMR.

Table 4.30: Distribution of the Beneficiaries by Activity Status During One Year Prior to Application for Loan

District/Status of Beneficiary	Kolar	Percentage	Raichur	Percentage	Udupi	Percentage	Total
Unemployed	**410**	**32.44**	**108**	**7.90**	**81**	**7.01**	**599**
Studying	**46**	**3.64**	**12**	**0.88**	**34**	**2.94**	**92**
Casual employment in line for which loan asked	**86**	**6.80**	**203**	**14.85**	**274**	**23.70**	**563**
Casual employment in other lies	**47**	**3.72**	**96**	**7.02**	**249**	**21.54**	**392**
Self-employed in line for which loan taken	**202**	**15.98**	**196**	**14.34**	**63**	**5.45**	**461**
Unpaid family worker in the unit owned by the family	**125**	**9.89**	**228**	**16.68**	**165**	**14.27**	**518**
Self-employed in other line	**110**	**8.70**	**57**	**4.17**	**28**	**2.42**	**195**
NR	**168**	**15.76**	**428**	**31.31**	**213**	**18.43**	**809**
Others	**102**	**8.07**	**39**	**2.85**	**49**	**4.24**	**190**
Total	**1264**	**100**	**1367**	**100**	**1156**	**100**	**3787**

Note: NR – Not Reported
Source: IAMR tables generated from schedules

Figure 4.4: Distribution of Beneficiaries by Their Occupation Prior to PMRY Loan

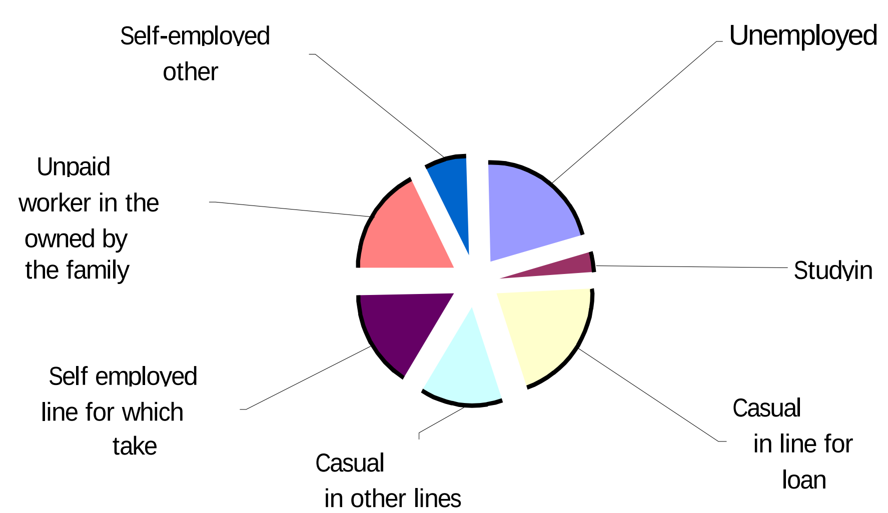


Table 4.31: Time-Lag Between Submission of Applications to DIC and Recommendation to Banks

Duration	Number of Beneficiaries	Percentage to total
1-4 weeks	**1036**	**27.3**
5-8 weeks	**836**	**22.0**
9-12 weeks	**378**	**10.0**
13-26 weeks	**598**	**16.0**
27-39 weeks	**149**	**4.8**
40-52 weeks	**53**	**1.3**
>52 weeks	**17**	**0.4**
NR	**722**	**19**
Total	**3787**	**100.00**

Source: IAMR tables generated from schedules

The time-lag between application to the DIC and the recommendation to the banks occurs due to the time taken for the task force meeting. About 27 per cent of the beneficiaries had to wait between 1-4 weeks after submission of the application to the DIC and 1.3 per cent of the beneficiaries faced a time-lag between 40-52 weeks. DIC records were not maintained well at Udupi district whereas, Raichur and Kolar DICs maintained records in a reasonable good shape. Strengthening the system at the DIC level is important as the information obtained with respect to follow up and status was minimal.

Table 4.32: Time-lag Between TFC Recommendation and Sanction of Loan by Banks (in weeks)

Duration	Number of Beneficiaries	Percentage to total
1-4 weeks	**911**	**24.0**
5-8 weeks	**920**	**24.3**
9-12 weeks	**487**	**12.9**
13-26 weeks	**606**	**16.0**
27-39 weeks	**78**	**2.0**
40-52 weeks	**41**	**1.0**
>52 weeks	**12**	**0.3**
NR	**730**	**19.2**
Total	**3787**	**100.00**

Source: IAMR tables generated from schedules

Time-lag for sanctioning of the loan after recommendation from the TFC to the Bank was reported by 24 per cent of beneficiaries. It was between 5-8 weeks. However, 16.0 per cent faced a time-lag between 13 and 26 weeks. Ways to hasten the process should be undertaken seriously to reduce the time-lag between different stages. There were a few cases (131), whicyh confronted time lag of more than 27 weeks.

Table 4.33(A): Distribution of Banks by Period of Moratorium Granted by Type of Activity (Business)

District/Period	<=4 weeks	5-8 weeks	9-12 weeks	NR	Total
Kolar	15		1	80	**100**
Raichur	6	1	0	40	**47**
Udupi	40	0	1	138	**179**
Total	**61**	**5**	**2**	**258**	**326**

Source: Bank Form

Table 4.33(B): Distribution of Banks by Period of Moratorium Granted by Type of Activity (Industry)

District/Period	<=4 weeks	5-8 weeks	9-12 weeks	NR	Total
Kolar		4	0	86	100
Raichur	9	0	1	37	47
Udupi	20	0	0	159	179
Total	**39**	**4**	**1**	**282**	**326**

Table 4.33(C) : Distribution of Banks by Period of Moratorium Granted by Type of Activity (Service)

District/Period	<=4 weeks	5-8 weeks	NR	Total
Kolar	9	2	89	100
Raichur	8	1	38	47
Udupi	38	1	140	179
Total	**55**	**4**	**267**	**326**

Source: Bank Form; Tables 32A, 32B and 32C.

Table 4.34: Distribution of Banks by Length of Moratorium Granted for Each Type of Activity

Activity type	Less than 4 Years	5-8 Years	9-12 Years	Not Reported	Total
Business	**61**	**5**	**2**	**258**	**326**
Industry	**39**	**4**	**1**	**282**	**326**
Service	**55**	**4**	**0**	**267**	**326**

Source: IAMR tables generated from schedules

The banks provide a facility wherein the beneficiaries are given a period of moratorium after the disbursal of the last installment of loan before the process of repayment of loan begins. A majority of the Banks, irrespective of the sector gave less than 4 weeks time as moratorium. There were three cases where the moratorium was between 9 and 12 weeks.

Table 4.35: Distribution of Beneficiaries by Number of Visits to DIC on Getting Loan

Total visits	Kolar	Raichur	Udupi	Total
`0	**101**	**476**	**189**	**766**
1	**61**	**13**	**62**	**136**
2	**317**	**224**	**345**	**886**
3	**246**	**301**	**364**	**911**
4	**266**	**211**	**63**	**540**
5	**81**	**74**	**73**	**228**
6	**143**	**31**	**10**	**184**
7	**3**	**4**	**28**	**35**
8	**6**	**10**	**1**	**17**
9	**0**	**6**	**1**	**7**
10	**40**	**16**	**6**	**62**
12 to 20	**4**	**4**	**1**	**9**
25 to 40	**2**	**1**	**3**	**6**
40 and above	**0**	**0**	**0**	**0**
Total	**1270**	**1371**	**1146**	**3787**

Maximum number of visits ranged between 2 to 6 visits. Majority of Beneficiaries had paid 3 visits to the Banks. The delay in processing of the applications was due to huge number of applications as opined by the DICs and Banks. DICs complained of inadequate staff to handle huge number of applications.

Table 4.36: Distribution of Beneficiaries by visits to Banks on getting loan

Number of visits to Banks	Kolar	Raichur	Udupi	Total
0	**92**	**402**	**171**	**665**
1	**0**	**11**	**4**	**15**
02	**20**	**59**	**75**	**154**
3	**24**	**50**	**176**	**250**
4	**75**	**140**	**193**	**408**
5	**111**	**129**	**195**	**435**
6	**256**	**68**	**121**	**445**
7	**16**	**29**	**14**	**59**
8	**142**	**62**	**63**	**267**
10	**228**	**193**	**86**	**507**
12 to 20	**173**	**149**	**60**	**371**
25 to 40	**106**	**52**	**2**	**160**
40 and above	**21**	**16**	**3**	**40**
Total	**1264**	**1360**	**1163**	**3787**

Source: Tables generated by IAMR

Beneficiaries complained about visiting the DIC too often to inquire about the status of their applications. The above table indicates the number of visits that the beneficiaries made to the banks. Maximum number of beneficiaries paid 10 visits to the DIC. 160 beneficiaries made 25 to 40 visits, which is too frequent. However, 665 beneficiaries had no problems, as the process was clear during their first visit itself.

Table 4.37: Distribution of Beneficiaries on Total Money Spent on Getting Loan (DIC)

Districts	1-1000	1001-5000	5001-10000	>10000	No money spent	Total
Kolar	**719**	**448**	**19**	**7**	**93**	**1286**
Raichur	**762**	**146**	**14**	**8**	**413**	**1343**
Udupi	**841**	**95**	**5**	**14**	**203**	**1158**
Total	**2322**	**689**	**38**	**29**	**709**	**3787**

Source: Tables generated by IAMR

The above table shows the total money spent by the beneficiaries to get the loan on visits made to the DIC. Maximum number (60.6 per cent) of people has spent up to Rs.1000 in getting loan. Only 18.7 per cent have not spent any money to receive the loan.

Table 4.38: Distribution of Beneficiaries to Banks on Getting Loan

Districts	No money spent	1-1000	1001-5000	5001-10000	>10000	Total
Kolar	**99**	**712**	**427**	**19**	**7**	**1264**
Raichur	**414**	**792**	**139**	**14**	**8**	**1367**
Udupi	**209**	**841**	**88**	**5**	**13**	**1156**
Total	**722**	**2345**	**654**	**38**	**28**	**3787**

Source: Tables generated by IAMR

The table indicates the total money spent by the beneficiaries to get the loan on visits made to the Banks. A majority of (61.2 per cent) of people have spent up to Rs.1000 in getting loan. Only 19 per cent have not spent any money to receive the loan.

CHAPTER V

RESULTS – ECONOMIC ASPECTS

5.1. Introduction

Following the process adopted for the selection of educated unemployed youths to start their venture, we present here the analysis of data collected from three sample districts for PMRY on various aspects like time taken to start the venture, amount of loan disbursed by the bank, additional investments made by the beneficiaries, sources of additional funds. We also present the impact of PMRY on the beneficiaries in terms of employment, change in income levels, repayment of loans and finally, perceptions of the beneficiaries about improvement in the living conditions and areas of improvement. This chapter highlights the process after the selection of beneficiaries and their training in the selected trade to make them responsive entrepreneurs.

5.2 Distribution of cases by Percentage of Amount Disbursed to Amount Sanctioned

In Kolar district, around 80 per cent of the 1277 beneficiaries received 100 per cent of the sanctioned amount as against less than 3 per cent receiving between 1 to 49 per cent of the sanctioned amount (Table 5.1). The proportion of cases receiving full disbursement is the highest in service sector and it accounted for more than 82 per cent of the total sanctioned cases in the particular category. Overall 80 per cent of the business and 75 per cent of the sanctioned cases received full disbursement. Details for each district by years are presented in Annexure Tables 5.1a, 5.1b and 5.1c.

In the case of Raichur district, 1285 of the sanctioned cases accounting for 93 per cent of the total 1381 sanctioned cases received 100 per cent disbursement. Proportion of cases receiving full disbursement is around 98.6 per cent of the sanctioned cases for industry. On the contrary, only 17 (1.23 per cent) of the 1381 sanction cases received payment ranging between 1 and 49 per cent of the sanctioned amount. Roughly one percent of the sanctioned cases are classified as not reported. In the case of Udupi, 1140 beneficiaries accounting for more than 97 percent of the total 1171 sanctioned cases got full (100 per cent) disbursement of the sanctioned amount and another 13 beneficiaries (1 per cent) of the sanctioned cases received payment between 90 and 99 per cent of the sanctioned loan amount. There are only 9 individuals who got less than 50 per cent of the sanction amount.

Table 5.1: Distribution of Cases by Percentage of Amount Disbursed to Amount Sanctioned

		100	90-99	80-89	70-79	60-69	50-59	1-49	NR	Total
Kolar	**Business**	**759**	**84**	**23**	**15**	**17**	**19**	**26**	**9**	**952**
	Industry	**61**	**5**	**3**	**3**	**0**	**4**	**5**	**0**	**81**
	Service	**179**	**21**	**6**	**1**	**0**	**2**	**5**	**1**	**215**
	NR	**21**	**3**	**1**	**1**	**0**	**1**	**1**	**1**	**29**
	Total	**1020**	**113**	**33**	**20**	**17**	**26**	**37**	**11**	**1277**
Raichur	**Business**	**759**	**6**	**5**	**5**	**10**	**13**	**10**	**11**	**819**
	Industry	**69**	**1**	**0**	**0**	**0**	**0**	**0**	**0**	**70**
	Service	**424**	**1**	**3**	**1**	**12**	**6**	**6**	**2**	**455**
	NR	**33**	**2**	**0**	**0**	**1**	**0**	**1**	**0**	**37**
	Total	**1285**	**10**	**8**	**6**	**23**	**19**	**17**	**13**	**1381**
Udupi	**Business**	**541**	**7**	**1**	**2**	**0**	**0**	**5**	**0**	**556**
	Industry	**105**	**0**	**0**	**0**	**0**	**0**	**2**	**0**	**107**
	Service	**474**	**6**	**3**	**1**	**1**	**0**	**2**	**0**	**487**
	NR	**20**	**0**	**0**	**0**	**0**	**1**	**0**	**0**	**21**
	Total	**1140**	**13**	**4**	**3**	**1**	**1**	**9**	**0**	**1171**
All	**Business**	**2059**	**97**	**29**	**22**	**27**	**32**	**41**	**20**	**2327**
	Industry	**235**	**6**	**3**	**3**	**0**	**4**	**7**	**0**	**258**
	Service	**1077**	**28**	**12**	**3**	**13**	**8**	**13**	**3**	**1157**
	NR	**74**	**5**	**1**	**1**	**1**	**2**	**2**	**1**	**87**
	Total	**3445**	**136**	**45**	**29**	**41**	**46**	**63**	**24**	**3829**

Source: Compiled from the table generated by IAMR (based on DIC master sheet & Bank sheet)

On the whole, 3445 (90 per cent) of the total 3829 sanctioned cases received full disbursement and another 139 (3.55 per cent) received 90-99 per cent of the sanctioned amount. 63 applicants accounting for 1.65 per cent of the 3829 sanctioned cases received less than 50 per cent of the sanctioned loan amount.

5.3. Average Amount sanctioned and Disbursed per Beneficiary

A total of 1277 cases are sanctioned under PMRY for financial assistance between 1998/99 and 2000/01 in Kolar district. Of these, loans are disbursed to 1266 beneficiaries (Table 5.2). The average amount sanctioned ranged from Rs. 48,749 per case for business to Rs. 62,129 for service enterprise with an over all average of Rs. 51,010 per sanctioned case. Year wise details are provided in Annexure Tables 5.2a, 5.2b, 5.2c. The average amount disbursed per beneficiary is Rs. 48,474 and it ranged between Rs. 46,308 for business activity and Rs. 57,155 for service ventures. It is observed that 575 (45 per cent), 286 (23 per cent) and 405 (32 per cent) of the total cases received loan amount in one, two and more than two installments, respectively.

The number of cases sanctioned but not disbursed is relatively higher in business activity when compared to other two categories.

Table 5.2: Average Amount sanctioned and Disbursed per Beneficiary and Number of Installments

District	Activity	Cases Sanctioned	Average Amount sanctioned	Cases Disbursed	Average Amount Disbursed	No of Installment in which loan Disbursed		
						One	Two	> Two
Kolar	Business	952	48749	943	46308	418	226	299
	Industry	81	62129	81	57155	35	19	27
	Service	215	57074	214	55314	109	38	67
	NR	29	49234	28	44029	13	3	12
	Total	1277	51010	1266	48474	575	286	405
Raichur	Business	819	53584	808	52783	447	245	116
	Industry	70	68459	70	69426	45	15	10
	Service	455	56771	453	54979	311	82	60
	NR	37	56499	37	55123	20	14	3
	Total	1381	55466	1368	54425	823	356	189
Udupi	Business	556	63037	556	62457	416	73	67
	Industry	107	68244	107	67668	77	13	17
	Service	487	64058	487	63686	386	47	54
	NR	21	74524	21	72976	9	2	10
	Total	1171	64143	1171	63633	888	135	148
All	Business	2327	53865	2307	52468	1281	544	482
	Industry	258	66383	258	64844	157	47	54
	Service	1157	59895	1154	58716	806	167	181
	NR	87	58428	86	55870	42	19	25
	Total	3829	56634	3805	55279	2286	777	742

Source: Compiled from table generated by IAMR (Based on Bank sheet)

In Raichur, a total of 1381 cases are sanctioned for assistance and loans are disbursed to 1368 applicants during 3 years reference period of 1998 through 2000/01. The average loan amount varied from Rs. 53,584 for business activity to Rs. 68,459 for industrial activity with an overall average of Rs. 55,466 per unit. The average loan amount actually disbursed hovered at Rs. 54,425 per unit and it ranged from 52,783 for business activity to Rs. 69,426 for industrial unit.

A total of 1368 of the 1381 sanctioned cases i.e., about 60 per cent of the beneficiaries received full payment in one installment while 26 per cent and 14 per cent of the 1368 beneficiaries received loan amount in two and more than two installments, respectively. As many as 447 (55 per cent) of the 808 beneficiaries from business activity, 45 (64 per cent) of the 70 beneficiaries from industry category and 311 (69 per cent) of the 453 cases from service category are disbursed loan amount in one installment only.

In Udupi district, loans are disbursed to all 1171 cases sanctioned for financial assistance under PMRY Scheme during 1998/99 through 2000/01. The average amount sanctioned per business unit is Rs. 63,037 as against Rs. 68, 244 per industrial unit. The average amount sanctioned per activity is Rs. 64,143. However, the overall average amount disbursed (Rs. 63,633) per beneficiary is little lower than the amount sanctioned (Rs. 64,143). The amount disbursed is the lowest (Rs. 62,457) per unit of business activity and the highest (Rs. 67,668) per industrial unit. It can be seen from Table 5.2 that 888 (76 per cent) of the total 1171 applicant received payment in one installment whereas 135 and 148 applicants received payment in two and more than two installments, respectively.

Thus there are a total of 3829 sanctioned cases of which 3805 applicants are provided loans under the PMRY Scheme during reference period of three years beginning with 1998/99. The average amount sanctioned varied from Rs. 53,865 for business activity to Rs. 66,383 for industrial unit. The actual disbursal ranged between Rs. 52,468 for business activity to Rs. 64,844 for industrial unit. Loans are disbursed to more than 99 per cent of the applicant for business and service ventures and to all the sanctioned cases for business units. Among the total ventures (3805) financed, about 60 per cent (2286) of the applicants received credit in one installment followed by 20 per cent in two and remaining 20 per cent in more than two installments.

5.4. Number beneficiaries not starting the ventures

It can be seen from Table 5.3 that a total of 49 beneficiaries from Kolar, Raichur and Udupi districts did not start the ventures even after availing loans from the bank under the PMRY. The number of beneficiaries not starting the venture ranged from 8 in Raichur district to 28 in Kolar district. Most of the entrepreneurs reported lack of demand / orders, inadequate finance and other reasons for not starting the venture. Surprisingly, none of the beneficiaries indicated lack of skill in the trade or lack of business management or domestic problem as the reason for not starting the venture.

Table 5.3: Number beneficiaries not starting the ventures

Activity	Kolar	Raichur	Udupi	All
Business	**19**	**5**	**7**	**31**

Industry	4	0	1	5
Service	0	3	4	7
Not Reported (NR)	5	0	1	6
Total	**28**	**8**	**13**	**49**

Source: Based on table generated by IAMR

5.5. Time taken to start the ventures

The entrepreneurs who borrowed from the banks took their own time to start their venture. Some of these units were started much before 1998-99 and a few started after 2001. A few entrepreneurs had their ventures in place before the introduction of PMRY and they sought financial assistance through PMRY either to expand or restart their units.

5.5.1. Time taken to start the ventures by activity

The time taken to start the venture ranged from one week to more than 26 weeks (Table 5.4). It is observed that as many as 282 of the 3787 units in three districts were started before 1998-99 and 19 units after 2001. In Kolar district, as many as 924 of the 1367 entrepreneurs provided information about the time taken to start the venture. It is observed that 601 or little less than two thirds of the units were started within a period of 4 weeks and another 27 per cent of the units were started between 5 and 8 weeks time. In Raichur, 1367 units were financed under PMRY scheme during 1998-99 through 2000-01. However, the data about time taken to start the venture was available only for 746 units and another 621 units did not report the time taken for starting the venture. It is observed that 723 (about 97 per cent) of the 746 units were started within a period of 1 to 8 weeks and only 8 units took more than 13 weeks time.

Table 5.4: Distribution of beneficiaries by time taken to start the venture

District & Activity	Time taken to start venture (in weeks)						
	1 to 4	**5 to 8**	**9 to 12**	**13 to 26**	**> 26**	**NR**	**Total**
Kolar							
Business	464	188	42	8	2	238	942
Industry	32	14	4	1	0	29	80
Service	98	50	6	6	0	54	214
Not Reported (NR)	7	1	1	0	0	19	28

Total	601	253	53	15	2	340	1264
Raichur							
Business	374	21	7	4	0	402	808
Industry	35	4	2	0	1	28	70
Service	261	24	5	1	2	159	452
Not Reported (NR)	3	1	1	0	0	32	37
Total	673	50	15	5	3	621	1367
Udupi							
Business	344	54	5	3	0	144	550
Industry	75	10	1	2	0	18	106
Service	317	55	3	5	0	99	479
Not Reported (NR)	2	3	0	0	0	16	21
Total	738	122	9	10	0	277	1156
Grand total	2012	425	77	30	5	1238	3787

Source: Based on table generated by IAMR

Similarly, in Udupi district, we have information for 924 (73 per cent) of the 1264 units financed under PMRY during 1998-99 through 2000-01. It is observed that 84 per cent of the units for which data were available had been started within 4 weeks of the disbursement of loan and another 14 per cent between 5 and 8 weeks time. On whole, 2549 (67.31 per cent) of the 3787 units in three study districts reported time taken for starting the unit. As per the available data, roughly 79 per cent of the ventures started within 4 weeks of disbursal of loans followed by 16.7 per cent within a period of 5 to 8 weeks.

5.5.2: Distribution of beneficiaries by the year of start of venture

As stated earlier, some of the beneficiaries were self employed in one or the other activity and had their units either in working conditions or otherwise. These entrepreneurs sought and obtained financial assistance through banks under the PMRY scheme during 1998-99 through 2000-01. In all the three districts taken together, about 282 ventures were started before 1998, of which 149 were started before 1995 (Table 5.5). As per the available information, 2117 (56 per cent) of the total 3787 ventures financed under PMRY were started between 1998-99 and 2001 (implementation of PMRY) in Kolar, Raichur and Udupi districts. Information was not available about the starting year for 1369 ventures (36 per cent) of the total ventures financed under PMRY during 1998-99 through 2000-01 in three districts of Karnataka. The proportion of ventures started before 1998 but benefited through PMRY during 1998-2001 varied from

5 per cent of the total ventures financed in Udupi to 11 per cent of the total ventures financed under PMRY in Kolar taluk.

Table 5.5: Distribution of beneficiaries by year of start of the venture

District & Activity	Year of commencement of venture Before 1995	1995-97	1998-2001	After 2001	NR	Total
Kolar						
Business	44	50	548	2	298	942
Industry	10	6	40	1	23	80
Service	12	13	115	1	73	214
Not Reported (NR)	2	0	5	0	21	28
Total	68	69	708	4	415	1264
Raichur						
Business	33	35	380	3	357	808
Industry	2	2	37	0	29	70
Service	13	6	285	2	146	452
Not Reported (NR)	0	0	5	0	32	37
Total	48	43	707	5	564	1367
Udupi						
Business	21	15	314	6	194	550
Industry	6	1	70	1	28	106
Service	5	5	313	3	153	479
Not Reported (NR)	1	0	5	0	15	21
Total	33	21	702	10	390	1156
Grand tot	149	133	2117	19	1369	3787

Source: Based on table generated by IAMR

The number of ventures started during the implementation period of PMRY (1998 to 2001) accounted for 57 per cent, 52 per cent and 61 per cent of the total ventures financed by banks in Kolar, Raichur and Udupi district respectively. The number as well as proportions of ventures started during different years varied across the districts.

5.6. Ownership status by type of activity

Most of the units/ventures financed under PMRY were established as individual ownership units. The culture of pooling the resources and promoting the units under partnership or joint ownership was a rare phenomenon in the study district. Thus, the government efforts towards promoting group action under self-employment ventures by educated unemployed youths could not succeed, to a large extent. There were 6 units under partnership in Kolar, 10 in Raichur and 26 in Udupi district (Table 5.6). The units under partnership accounted for 0.47 per cent, 0.73 per cent and 2.25 per cent of the total ventures assisted under PMRY in Kolar, Raichur and Udupi districts, respectively.

Table 5.6: Distribution of beneficiaries by type of activity and ownership status

District	Activity	Owned	Partnership	Total
Kolar	Business	940	2	942
	Industry	79	1	80
	Service	211	3	214
	Not Reported	28	0	28
	Total	1258	6	1264
Raichur	Business	800	8	808
	Industry	70	0	70
	Service	450	2	452
	Not Reported	37	0	37
	Total	1357	10	1367
Udupi	Business	536	14	550
	Industry	100	6	106
	Service	473	6	479
	Not Reported	21	0	21
	Total	1130	26	1156
All	Business	2276	24	2300
	Industry	249	7	256
	Service	1134	11	1145
	Not Reported	86	0	86
	Total	3745	42	3787

Source: Based on table generated by IAMR

There were 2.75 per cent of business units and 5.66 per cent of the industrial units under partnership and as a consequence, Udupi district had the distinction of having the highest proportion of ventures/units under partnership. At the aggregate level (3 districts pooled together), partnership ventures accounted for 2 .73 per cent of the total industrial ventures as against roughly one per cent ventures under partnership from business and service categories.

5.7. Mortality of ventures

As discussed elsewhere, all the prospective entrepreneurs did not avail the loan from the bank due to one or the other reason though it was sanctioned to them. The participating banks disbursed loans to 1526, 2014 and 1605 beneficiaries/entrepreneurs accounting for 77, 71 and 90 per cent of the sanctioned cases from Raichur, Kolar and Udupi, districts, respectively. Thus a sizable number of participants opted out of self-employment ventures even before initiating the venture. Some beneficiaries, though they took loans from the bank, did not start the ventures/units due to inadequate finance or lack of demand for their products or services. There were others who started ventures under PMRY but could not sustain for long and had to close down the units due to one or the other reasons.

5.7.1, Functioning and non-functioning units

As elsewhere in the country, the information gathered from PMRY beneficiaries reveals that the proportion of defunct units or units closed after they started with the assistance from PMRY was considerably high. It is observed that 608 of the total 3787 ventures financed under PMRY did not report their status (Table 5.7). However, 2145 ventures accounting for roughly 57 per cent of the total 3787 ventures started under PMRY were functioning during October-November 2004. (Survey period) and more than a quarter (27.3 per cent) of the total ventures were either closed down or were not functioning (Fig. 5.1). There were wide variations in the proportion of functioning and non-functioning units across the districts. In Kolar district, 478 (about 38 per cent) of the total 1264 ventures were functional and another 432 ventures (34 per cent) were nonfunctional units whereas, 354 (28 per cent) of the total ventures did not report their status.

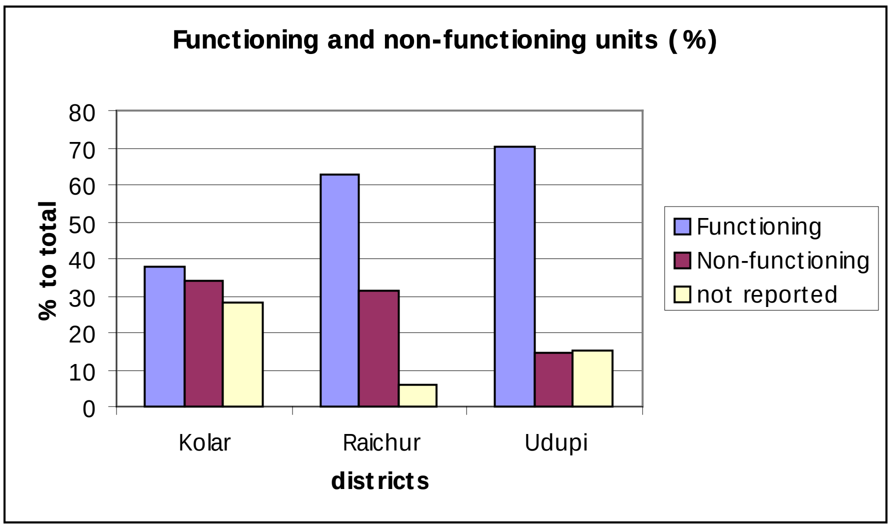
Table 5.7: Number of functioning and non-functioning ventures

District & ventures	Number of units			
	Functioning	Non-functioning	Not Reported	Total
Kolar				
Business	368	343	231	942
Industry	28	21	31	80
Service	77	58	79	214
Not Reported	5	10	13	28
Total	478	432	354	1264
Raichur				
Business	518	240	50	808
Industry	39	26	5	70
Service	284	146	22	452
Not Reported	14	20	3	37
Total	855	432	80	1367
Udupi				
Business	385	78	87	550
Industry	73	20	13	106
Service	346	67	66	479
Not Reported	8	5	8	21

Total All	**812**	**170**	**174**	**1156**
Business	**1271**	**661**	**368**	**2300**
Industry	**140**	**67**	**49**	**256**
Service	**707**	**271**	**167**	**1145**
Not Reported	**27**	**35**	**24**	**86**
Total	**2145**	**1034**	**608**	**3787**

Source: Based on table generated by IAMR

Fig. 5.1



The number of functioning ventures varied from 35 per cent of the total industrial units to 39 per cent of the business units in Kolar district. In Raichur district, 855 ventures accounting for more than 60 per cent (62.5 per cent) of the 1367 ventures assisted under PMRY were functioning during the survey period as against 31.6 per cent defunct or closed units. As many as 80 ventures accounting for little less than 6 per cent of the total ventures, did not report their status.

The proportion of defunct ventures or units was as high as 54 per cent in the case of non-categorized or undefined units. It is observed that only 56 per cent of the total 70 industrial units were functioning when compared with more than 60 per cent of the functioning units under business and service categories in Raichur district. In Udupi district, 70 per cent of the ventures financed under PMRY were functioning and roughly 15 per cent of the total 1156 ventures were not functioning at the time of this survey. The proportion of defunct project was the highest (19 per cent) among industrial ventures and least (14 per cent) among the ventures related to service sector. On the whole, 55.26 per cent of the 2300 business ventures, 54.69 per cent of the 256 industrial units and 61.75 per cent of the 1145 service ventures were functioning. The number of nonfunctioning ventures ranged from 23.67 per cent from service category to 40.7 per cent in the case of non-reported type.

5.7.2, Functioning and non-functioning units by year of start

It can be seen from Table 5.8 that the number or proportion of non-functioning ventures was the highest (31.59 per cent) of the total ventures started under PMRY in the three sample districts during 1998-99 and the least (24.57 per cent) during 2000-2001. In Kolar district, functioning units accounted for 31.97 per cent, 38.48 per cent and 43.75 per cent of the total units/ventures started during 1998-99, 1999-2000 and 2000-01, respectively. In case of Raichur, the proportion of functioning units was more than 60 per cent of the units started during 1998-99 and 1999-2000 but declined modestly to 58 per cent of the total units started in 2000-01. It is observed that about one fifth of the units started in 1998-99 in Udupi district were defunct when compared to 12 per cent of the units following in this category in the following two years.

Table 5.8: Functioning and non-functioning units by year of start (in percentage)

District	Functioning	Non-functioning	Not Reported (NR)	Total
		1998-99		
Kolar	31.97	41.63	26.39	100
Raichur	65.04	32.32	2.64	100
Udupi	65.16	19.57	15.27	100
All	53.89	31.59	14.52	100
		1999-2000		
Kolar	38.48	32.98	28.53	100
Raichur	64.20	29.79	6.00	100
Udupi	73.24	11.62	15.14	100
All	58.73	25.15	16.12	100
		2000-01		
Kolar	43.75	26.92	29.33	100
Raichur	58.14	32.58	9.28	100
Udupi	73.02	12.26	14.71	100
All	57.71	24.57	17.71	100

Source: Based on table generated by IAMR

5.7.3: Reasons for closer of ventures/units

There are various reasons for closing down the ventures/units like the entrepreneur getting regular job, tough competition, low demand for the product or services, lack of skilled and trained personnel, sickness of the entrepreneur or domestic problems, etc. Information on the reasons for closing down the units was available from a total of 441 beneficiaries comprising 295 units from Kolar, 106 units from Raichur and 40 units from Udupi district. The beneficiaries who closed down their ventures/units reported more than one reason for the closure of unit (Table 5.9). However, a majority of the beneficiaries (56 per cent of the 441 entrepreneurs) closed down their units due to tough competition. 166 or more than 35 per cent of the 441 beneficiaries indicated that the financial resources available were inadequate. Domestic problems and sickness leading to closure of the unit was reported by more than 35 per cent of the beneficiaries.

About 15 per cent of the beneficiaries closed down their ventures as they got regular wage employment. Shortage of raw material and non-availability of trained/ skilled labour were reported as reasons for closing the unit by 12 and 11 per cent of the total beneficiaries, respectively. There was small variation in the proportion of beneficiaries reporting reasons for closure of units across the districts. For example, only 37 per cent of the beneficiaries from Udupi reported tough competition as the reason for closing down the units as against little less than 60 per cent of the beneficiaries from Kolar and Raichur districts. Similarly, more than 35 per cent of the beneficiaries from Raichur and Udupi districts indicated lack of demand for the product / services as one of the causes for the closure of the unit when compared to only 19 per cent of the beneficiaries from Kolar district reporting the same reason. Sickness was given as a reason for closing down the unit by more than 46 per cent, 9 per cent and 22 per cent of the beneficiaries from Kolar, Raichur and Udupi respectively.

Table 5.9: Reasons for the closure of ventures by districts

Reasons	Kolar	Raichur	Udupi	All
Units closed	295	106	40	441
Regular wage employment	48	9	7	64
Tough competition	173	60	15	248
Lack of demand	55	43	15	113
Shift in location	18	3	5	26
Shortage of raw material	38	9	7	54
Inadequate finance	125	34	7	166
Sickness	137	10	9	156
Domestic problems	120	25	12	157
Lack of skilled manpower	25	13	10	48
Others	10	13	10	33

Source: Based on table generated by IAMR

Tough competition among the ventures/units was the major reason put forth by the beneficiaries for closing down the ventures in all the categories, i.e., business, service and industries (Table 5.10). Lack of demand for products was reported by 56.5 per cent of the beneficiaries for closing down their industrial units. Inadequate finance, sickness and domestic problems forced one third or more of the beneficiaries from business, industry and service sector to close down the ventures/units. The details about the reasons for the closure of units by activity and districts have been presented in Annexure Tables 5.3a, 5.3b and 5.3c. The beneficiaries who had closed down their ventures due to one or the other reason were asked if they needed any assistance to revive the unit.

Table 5.10: Reasons for the closure of ventures by type of venture/unit

Reasons	Business	Industry	Service	Total
Units closed	328	23	90	441
Regular wage employment	39	7	18	64
Tough competition	188	14	46	248
Lack of demand	75	13	25	113
Shift in location of unit	15	4	7	26
Shortage of raw material	38	4	12	54
Inadequate finance	127	10	29	166
Sickness	117	7	32	156
Domestic problems	119	9	29	157
Lack of skilled/trained manpower	31	4	13	48
Others	22	2	9	33

Source: Based on table generated by IAMR

5.7.4. Support needed to revive the closed units

However, only 14 beneficiaries from Kolar, 47 from Raichur and 5 from Udupi responded to the question on the type of support required to revive the unit (Table 5.11). It is observed that 8 of the 14 beneficiaries from Kolar district desired financial assistance, 2 sought help for increased market access and the remaining 4 requested other type of help. Demand for financial help was more prominent from beneficiaries who took up the business activity.

There were 47 responses from Raichur district, of which 38 were the beneficiaries who had opted for business ventures. As seen in Kolar district, here also, a majority of the beneficiaries, (with closed units) i.e., 21 of the 38 beneficiaries desired financial help and 12 sought help for improved access to market and 5 asked for other type of assistance. Similarly, 2 beneficiaries each desired financial help and market access to revive industrial ventures in Raichur district. In Udupi district, 2 beneficiaries desired financial and other help to revive their business ventures. The same is true with 3 beneficiaries seeking help to revive service ventures. On the whole, 37 beneficiaries from three districts desired financial help, 17 needed help to improve market access and the 12 beneficiaries sought other type of help to revive the closed ventures which were initiated with financial assistance from banks under PMRY during 1998-99 through 2000-01.

Table 5.11: Support needed to revive the closed units

District	Financial help	Market access	Others	Total
Kolar				
Business	5	2	2	9
Industry	2	0	1	3
Service	1	0	1	2
NR	0	0	0	0
Total	8	2	4	14
Raichur				
Business	21	12	5	38
Industry	2	2	0	4
Service	3	0	2	5
NR	0	0	0	0
Total	26	14	7	47
Udupi				
Business	1	0	1	2
Industry	0	0	0	0
Service	2	1	0	3
NR	0	0	0	0
Total	3	1	1	5
All districts				
Business	27	14	8	49
Industry	4	2	1	7
Service	6	1	3	10
NR	0	0	0	0
Total	37	17	12	66

Source: Based on table generated by IAMR

5.7.5. Diversion of funds

Money is fungible and hence diversion of funds is not uncommon especially when the loan amount is on concessional rate with subsidy element attached to it. It holds true even in the case of PMRY loans also (Table 5.12). As many as 70 beneficiaries from Kolar, 3 from Raichur and 17 from Udupi admitted that the loan amount borrowed under PMRY was not used for the stipulated purpose and used for some thing else. It is interesting to note that a majority of the beneficiaries admitting diversion of loan amount had borrowed to start business ventures.

Table 5.12: Number of beneficiaries diverting funds by activity

Activity	Kolar	Raichur	Udupi	All
Business	48	2	8	58
Industry	10	0	2	12
Service	12	1	7	20
All	70	3	17	90

Source: Based on table generated by IAMR

5.8. Additional funds and total investment in the units

The basic objective of PMRY is to assist the educated unemployed youth for starting a venture so as to generate gainful employment and earn the livelihood. However, many a times, the financial assistance extended by the banks as loan to start the venture under PMRY will not be enough and many of the beneficiaries will have to invest in self-employment ventures some additional amounts over and above the loans granted by the banks.

5.8.1. Quantum of additional funds

It can be seen from Table 5.13 that 1434 beneficiaries accounting for 38 per cent of the total 3787 total beneficiaries from the three study districts did not invest any additional funds of their own, while the remaining 2353 (62 per cent) beneficiaries had to invest varying amounts in the self-employment venture. It is observed that about 28 per cent of the total beneficiaries invested less than ten thousand rupees whereas 5 per cent of the beneficiaries invested an additional amount to the tune of more than Rs. 50,000 each (Fig. 5.2).

Similarly, 553 and 548 of the total beneficiaries accounting for roughly 15 per cent each of the total beneficiaries invested in the range of Rs. 10,000 to 20,000 and Rs.

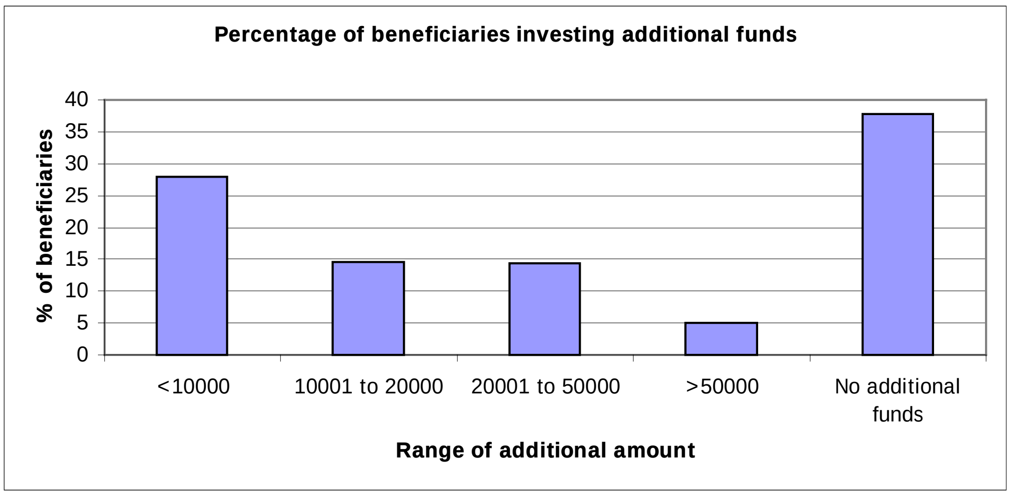
20,000 to 50,000, respectively. Proportionately, a large number (72 per cent) of beneficiaries from Udupi made additional investment in self-employed ventures when compared with less than 60 per cent of the beneficiaries from Kolar and Raichur doing the same.

Table 5.13: Number of beneficiaries investing additional funds for the unit

District & Activity	Number of beneficiaries investing additional funds					
	<10000	10001 to 20000	20001 to 50000	>50000	No additional funds	Total
Kolar						
Business	245	123	142	28	404	942
Indus	16	8	15	12	29	80
Service	55	35	38	19	67	214
NR	5	1	3	1	18	28
Total	321	167	198	60	518	1264
Raichur						
Business	173	134	113	56	332	808
Indus	8	12	14	6	30	70
Service	128	62	47	20	195	452
NR	2	1	1	1	32	37
Total	311	209	175	83	589	1367
Udupi						
Business	201	58	101	24	166	550
Indus	34	21	23	4	24	106
Service	191	96	51	18	123	479
NR	3	2	0	2	14	21
Total	429	177	175	48	327	1156
All districts						
Business	619	315	356	108	902	2300
Indus	58	41	52	22	83	256
Service	374	193	136	57	385	1145
NR	10	4	4	4	64	86
Total	1061	553	548	191	1434	3787

Source: Based on table generated by IAMR

Fig. 5.2



The number of beneficiaries making additional investment up to Rs. 10,000 ranged from 22.75 per cent of the beneficiaries in Raichur district to 37 per cent in Udupi district. The proportion of beneficiaries investing more than Rs. 50,000 was the highest (6.07 per cent) in Raichur and the lowest (4.15 per cent) in Udupi district.

5.8.2. Number of beneficiaries by sources of additional funds

We have seen that 1424 beneficiaries did not invest any funds of their own to supplement bank loan whereas 2353 beneficiaries had to mobilize additional funds to invest in self-employment venture started under the PMRY. Of the total beneficiaries who made additional investment, 746 were from Kolar, 778 from Raichur and 829 from Udupi. It is observed that almost 50 per cent of the 746 beneficiaries from Kolar district borrowed from friends and relatives and another 22 per cent borrowed from moneylenders (Table 5.14). Little less than a quarter (23.59 per cent) of the beneficiaries used their personal savings to supplement the bank loan for the PMRY venture. In Raichur, 312 beneficiaries, accounting for 40 per cent of the total 778 beneficiaries, raised capital from moneylenders for additional investment and another 196 beneficiaries (25 per cent) used own savings to supplement the investment in PMRY ventures.

Beneficiaries borrowing from friends and relatives to meet the additional investment accounted for 16 per cent of the total beneficiaries making an additional investment to bank loan. In Udupi, 43 per cent of the beneficiaries borrowed from friends and relatives to supplement investment for PMRY venture and another 38 per cent of the beneficiaries making additional investment used their own savings. 106 of the 829 beneficiaries had to borrow from moneylenders to meet the additional investment requirement.

It is observed that 1398 (59.4 per cent) of the total 2353 beneficiaries from 3 districts making additional investment were engaged in business activity followed by 760 (32.3 per cent), 173 (7.35 per cent) and 22 (0.9 per cent) beneficiaries engaged in service, industry and other ventures, respectively. About 36 per cent of the beneficiaries borrowed from friends and relatives to finance additional investment.

Table 5.14: Number of beneficiaries by sources of additional funds

District & activity	Friends & Relatives	Money Lender	Not reported	Others	Partners	Personal Savings	Total
Kolar							
Business	288	110	23	3	2	112	538
Industry	20	4	2	0	0	25	51
NR	6	1	1	0	0	2	10
Service	57	46	5	1	1	37	147
Total	371	161	31	4	3	176	746
Raichur							
Business	74	170	59	37	12	124	476
Industry	6	21	2	1	2	8	40
NR	0	3	1	0	0	1	5
Service	45	118	19	7	5	63	257
Total	125	312	81	45	19	196	778
Udupi							
Business	166	52	11	3	3	149	384
Industry	34	8	3	2	1	34	82
NR	3	2	0	1	0	1	7
Service	155	44	6	4	13	134	356
Total	358	106	20	10	17	318	829
All							
Business	528	332	93	43	17	385	1398
Industry	60	33	7	3	3	67	173
NR	9	6	2	1	0	4	22
Service	257	208	30	12	19	234	760
Total	854	579	132	59	39	690	2353

Source: Based on table generated by IAMR

Similarly, 25 per cent of the total beneficiaries took loans from moneylenders whereas 29 per cent of the total beneficiaries making additional investment used their savings. Beneficiaries raising funds from partners and other sources accounted for less than 3 per cent of the beneficiaries making additional investment in PMRY ventures.

5.8.3. Total investment in PMRY ventures

The loan amount received from banks and the additional investment made by the beneficiary together constituted the total investment. There was a wide variation in the investment made in different activities (Table 5.15). The average amount of loan per functional unit from bank varied from Rs. 55,189 for business unit to Rs. 66,504 for functioning industrial unit. The beneficiaries invested additional funds ranging from Rs. 5741 for NR activity to Rs. 24768 for functioning industrial unit and the average total investment for functioning unit varied between Rs. 66,078 not reported activity and Rs. 91,272 for service activity.

Table 5.15: Average investment in the functioning and non-functioning units

Activity	Status of unit	Number of Units	Average loan received	Average additional investment	Average total investment
Business	Functioning	1271	55189	16659	71849
	Not Functioning	661	49191	12489	61680
	NR	368	48497	14382	62878
	Sub Total	2300	52395	15096	67491
Industry	Functioning	140	66504	24768	91272
	Not Functioning	67	65460	14716	80177
	NR	49	59150	26673	85823
	Sub Total	256	64823	22502	87325
Service	Functioning	707	60206	16500	76705
	Not Functioning	271	57654	11824	69477
	NR	167	54800	17072	71872
	Sub Total	1145	58813	15476	74290
NR	Functioning	27	60337	5741	66078
	Not Functioning	35	51621	2771	54393
	NR	24	57042	42625	99667
	Sub Total	86	55870	14826	70696

Source: Based on table generated by IAMR

The average investment varied across the type of activities also the districts. The average investment was Rs. 59,269, Rs. 70,079 and Rs. 77,772 per business unit in Kolar, Raichur and Udupi, respectively (Annex Tables 5.4a, 5.4b, & 5.4c). Similarly, average investment per industrial unit varied between Rs. 86,025 in Kolar and Rs. 90,011 in Raichur. The average investment for service venture varied from Rs. 69,290 in Raichur to Rs. 77,601 in Kolar. Average investment per unit of non-reported activity was the highest (Rs. 1,13,929) in Udupi as against the lowest (Rs. 52,671) in Kolar district.

5.9. Profits from ventures started under PMRY

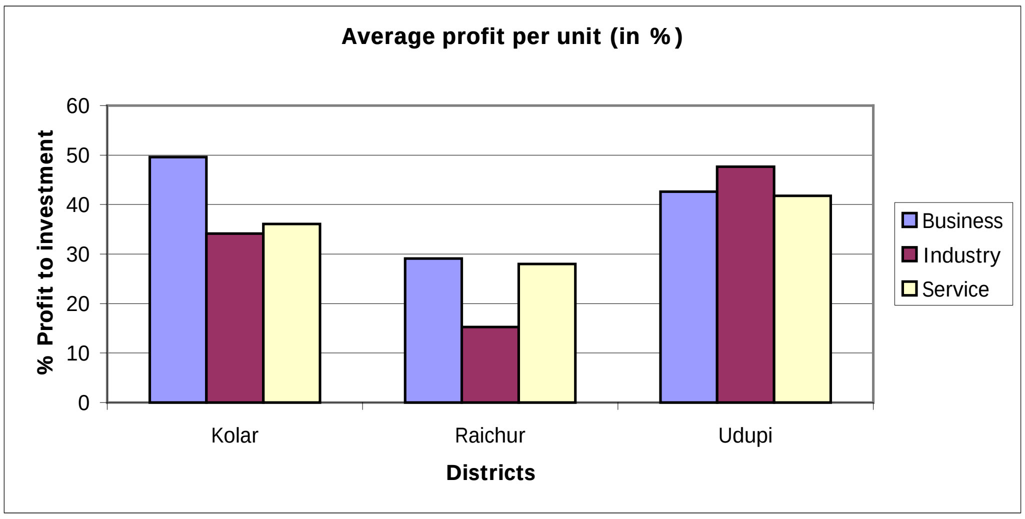
As seen earlier, 48 per cent of the total ventures started under PMRY were found defunct during the survey period. Hence, the investment profit details have been presented only for functioning units in the study districts. It can be seen from Table 5.16 that returns on investment in all the PMRY ventures was higher in Kolar and Udupi when compared to Raichur. The returns from investment in business ventures ranged from 29 per cent of the investment in Raichur to little less than 50 per cent in Kolar (Fig. 5.3). Profits from industrial units varied between 15 per cent of the investment in Raichur and 48 per cent in Udupi. Returns from investment in service sector accounted for 36 per cent, 28 per cent and 42 per cent of the investment in Kolar. Raichur and Udupi districts, respectively.

Table 5.16: Average investment and profit per unit (All years combined)

District/Activity	Number of functioning units	Average investment per Unit	Average profit per unit	Profit as percentage to investment
Kolar				
Business	368	65052	32260	49.59
Industry	28	96495	32914	34.11
Service	77	92819	33481	36.07
Total	473	71434	32497	45.49
Raichur				
Business	518	70803	20588	29.08
Industry	39	87872	13436	15.29
Service	284	69930	19569	27.98
Total	841	71300	19912	27.93
Udupi				
Business	385	79753	33989	42.62
Industry	73	91086	43427	47.68
Service	346	78680	32840	41.74
Total	804	80320	34352	42.77
All Districts				
Business	1271	71849	28027	39.01
Industry	140	91272	32970	36.12
Service	707	76705	27579	35.95
Total	2118	74754	28204	37.73

Source: Based on table generated by IAMR

Fig. 5.3



The average returns from investments in functioning ventures started under PMRY were 46 per cent, 28 per cent and 43 per cent of the total investment in Kolar, Raichur and Udupi, respectively. The aggregate profit investment ratio was 38 per cent for all the ventures from sample districts taken together.

5.10. Incremental incomes

Data on annual family incomes of the beneficiaries at the time of application shows that roughly 41 per cent, 37 per cent and 46 per cent of the total beneficiaries from Kolar, Raichur and Udupi, respectively had annual family income less than Rs. 15,000 (Table 5.17).

Table 5.17: Distribution of beneficiaries by annual family income at the time of application

(Beneficiaries in percentages)

	Annual family income (Rs)				
District	**<15000**	**15001-25000**	**25001-40000**	**NR**	**Total**
Kolar	40.96	20.28	26.47	12.29	100
Raichur	36.86	17.16	14.55	31.43	100
Udupi	45.69	16.14	13.66	24.51	100
All	40.92	17.89	18.26	22.93	100

Source: Based on table generated by IAMR

The number of beneficiaries having annual family income in the range of Rs.15000 to Rs. 25,000 varied from 16 per cent of the beneficiaries in Udupi to 20 per cent in Kolar. Kolar district had the highest number (26.5 per cent) of beneficiaries having an annual family income between Rs. 25,000 and Rs. 40,000 whereas Udupi had the lowest (13.66 per cent) proportion of beneficiaries in this income class. On the whole, 41 per cent of the beneficiaries had annual family income less than Rs. 15,000 whereas little more than 18 per cent of the beneficiaries reported an annual family income in the range of Rs. 25000 to Rs. 40,000.

Since the beneficiaries as well as their family members were gainfully employed in the ventures, we expected that this would translate into higher family income and improved living standards of the beneficiaries and their families. Data on the incremental annual family incomes of the beneficiaries at the time of survey shows mixed results (Table 5.18). Some of the beneficiaries of PMRY suffered losses and their annual family income had declined after starting the venture from the level observed at the time of application. In Kolar, 6.5 per cent of the beneficiaries reported losses whereas 5.4 per cent of the beneficiaries did not experience any change in the annual family income after starting the venture under PMRY.

However, 88 per cent of the beneficiaries from Kolar district reported incremental income ranging from a few hundreds to more than Rs. 50,000 and as many as 30 per cent of the beneficiaries experienced a hike of more than Rs. 25,000 in the annual family income. In Raichur district, 3.43 per cent of the beneficiaries experienced reduction in annual family income whereas 2 per cent of the beneficiaries maintained the status quo. About 32 and 29 per cent of the beneficiaries reported increase in the income level in the range of Rs. 10000 to Rs. 25000 and Rs. 25000 to Rs. 50000, respectively.

Table 5.18: Distribution of beneficiaries by the amount of increase in annual family income between time of application and time of survey

Districts & Activity	Incremental annual family income (Rs)						
	<0	0	1-10000	10001-25000	25001-50000	>50000	Total
Kolar							
Business	6.83	5.61	20.98	38.29	17.07	11.22	100
Industry	5.56	4.17	19.44	37.50	13.89	19.44	100
Service	5.95	4.32	16.76	32.43	22.16	18.38	100
Not Reported	0.00	12.50	31.25	43.75	6.25	6.25	100
Total	6.50	5.40	20.31	37.33	17.57	12.90	100
Raichur							
Business	4.06	1.35	12.77	30.95	31.33	19.54	100
Industry	0.00	2.63	18.42	39.47	23.68	15.79	100
Service	2.86	3.17	17.14	33.02	26.35	17.46	100
Not Reported	0.00	0.00	40.00	0.00	20.00	40.00	100
Total	3.43	2.06	14.74	31.89	29.14	18.74	100
Udupi							
Business	2.38	0.24	9.50	27.08	24.70	36.10	100
Industry	7.14	1.19	3.57	23.81	26.19	38.10	100

Service	4.46	1.11	7.52	27.30	26.74	32.87	100
Not Reported	11.11	11.11	0.00	11.11	22.22	44.44	100
Total	3.78	0.80	8.02	26.69	25.66	35.05	100
All districts							
Business	4.95	3.07	15.81	33.45	23.09	19.62	100
Industry	5.15	2.58	12.37	31.96	21.13	26.80	100
Service	4.19	2.56	13.04	30.50	25.61	24.10	100
Not Reported	3.33	10.00	23.33	26.67	13.33	23.33	100
Total	4.72	2.96	14.82	32.38	23.62	21.51	100

Source: Based on table generated by IAMR

Incremental annual family income was more than Rs. 50,000 in case of nearly one fifth of the beneficiaries. In Udupi district, 26 per cent of the beneficiaries reported hike in annal family income in the range of Rs. 25,000 to 50,000 and another 35 per cent of the beneficiaries reported increase in the annual family income by more than Rs. 50,000. At the aggregate level, about 5 per cent of the beneficiaries suffered loss and less than 3 per cent did not experience any increase in the annual family income. However, more than 40 per cent of the beneficiaries from the sample districts reported increase in the annual family income by more than Rs. 25,000.

5.11. Impact of investment on employment

The investment in the self-employment venture generates gainful employment not only for the beneficiary and his partners but also for others. The investment whether made in industrial, business or service venture provides employment opportunities for casual workers as well as to family members who are otherwise unemployed or

Table 5.19: Employment generated per functioning unit

Districts & activities	No. of functioning units	Total employment generated				Average employment/unit	Average investment/unit	Investment/unit employment
		Self	Wage	Unpaid family members	Total			
Kolar								
Business	368	368	115	496	979	2.66	65052	24453
Industry	28	28	49	45	122	4.36	96495	22146
Service	77	77	75	92	244	3.17	92819	29291
ALL	473	473	239	633	1345	2.84	71434	25121
Raichur								
Business	518	518	178	365	1061	2.05	70803	34567
Industry	39	39	21	29	89	2.28	87872	38506
Service	284	284	134	242	660	2.32	69930	30091
ALL	841	841	333	636	1810	2.15	71300	33129
Udupi								
Business	385	385	226	410	1021	2.65	79753	30073
Industry	73	73	78	100	251	3.44	91086	26491
Service	346	346	215	309	870	2.51	78680	31291

ALL	804	804	519	819	2142	2.66	80320	30148
Total								
Business	1271	1271	519	1271	3061	2.41	71849	29833
Industry	140	140	148	174	462	3.30	91272	27658
Service	707	707	424	643	1774	2.51	76705	30570
ALL	2118	2118	1091	2088	5297	2.50	74754	29890

Source: Based on table generated by IAMR

under-employed. The 473 functioning units/ventures started under the aegis of PMRY in Kolar district during 1998/99 through 2000/01 provided employment to 239 wage labourers and 633 family members of the beneficiaries in addition to employment for the beneficiaries (Table 5.19). The average no of persons employed ranged from 2.66 per business venture to 4.36 per industrial unit. Average investment per unit of employment was Rs. 25,121 and it ranged between Rs. 22,146 for industrial venture and Rs. 29,291 for service venture.

At the time of the survey, there were 841 PMRY functioning units in Raichur district. These functioning units comprised of 518 business ventures, 39 industrial units and 284 service ventures. The average employment per unit varied from 2.05 persons in business venture to 2.32 persons per service venture. The average investment per unit of employment was Rs. 33,129 and it ranged from Rs. 30,091 for service unit to Rs. 38,506 for industrial unit. In Udupi district, we found 804 units encompassing 385 business units, 73 industrial units and 346 service ventures in the working/functioning condition at the time of the survey. These units together provided employment to 2142 persons. The average employment ranged from 2.51 persons per functioning service venture to 3.44 persons per industrial unit. The average investment per unit was Rs. 80,320 whereas the average unit cost of employment worked out to Rs. 30,148 for the functioning units in Udupi.

At the aggregate level, 2118 units generated employment for 5297 persons, which included 1091 wage labourers, 2088 unpaid family workers and 2118 beneficiaries. The average employment per unit was the lowest (2.41) in business enterprises and highest (3.3) in the industrial ventures. The investment employment ratio ranged from Rs. 27658 for industrial unit to Rs. 30,570 for service ventures.

5.12. Changes in the activity pattern

The encouragement and inducement to educated unemployed youths to start their own ventures through PMRY paid dividends. As seen above, on an average 10 persons were employed per four units started under PMRY. It can be seen from Table 5.20 that there was a marked change in the occupation / activity patterns of the beneficiaries between the time of the survey and at the time of application for financial assistance. The proportion of self-employed persons varied from less than 8 per cent of the total applicants (beneficiaries) in Udupi to nearly 25 per cent of the beneficiaries in Kolar district at the time of application. However, the self-employed persons accounted for more than 85 per cent of the beneficiaries at the time of this study (after implementation of PMRY).

It is interesting to note that about 16 per cent of the applicants had reported their status as unemployed at the time of submitting application for assistance and their share declined to less than one (0.25) percent of the beneficiaries at the time of the study. Of course, there is every possibility that a few applicants might have indicated their status as unemployed to avail the benefits under the scheme though they may have one or the other source of earning. Moreover, over the years, beneficiaries might have got employment in other sectors, which also led to reduction in the proportion of unemployed persons during the study period.

Table 5.20: Changes in activity pattern of beneficiaries

(Number of beneficiaries in percentages)

Activity	Kolar	Raichur	Udapi	Total
Employed for wages / salary	8.10 (10.52)	8.82 (21.87)	8.14 (45.24)	8.33 (25.22)
Self employed	86.06 (24.68)	87.24 (18.51)	85.49 (7.87)	86.24 (17.32)
Unpaid family labour	1.25 (9.89)	0.31 (16.68)	0.49 (14.27)	0.72 (13.68)
Unemployed	0.17 (32.44)	0.31 (7.90)	0.29 (7.01)	0.25 (15.82)
Not in labour force	3.76 (3.64)	2.28 (0.88)	4.71 (2.94)	3.61 (2.43)
Not reported/others	0.67 (18.83)	1.04 (34.16)	0.88 (22.66)	0.85 (25.53)
Total	1198 (1264)	964 (1367)	1020 (1156)	3182 (3787)

Note: Figures in parentheses indicate distribution of beneficiaries by activity at the time of application

Source: Based on table generated by IAMR

5.13. Repayment of loans

Prompt and timely repayment of loans advanced is a pre-requisite for the sustainability of any scheme. The culture of availing loans under one or the other government scheme and treating it as a dole is a common phenomenon. Most of the schemes, which were introduced with very good intensions, failed to generate expected results due to pilferage and financial indiscipline. Irregularity in repayment or default also impinges upon the viability and sustainability of the financial institution.

5.13.1. Regularity in repayment

It is observed that less than half (39 per cent) of the total beneficiaries were regular in repaying bank loan and their number varied from 32 per cent of the beneficiaries in Kolar district to nearly 60 per cent in Udupi district (Table 5.21). On the other hand, a sizable number of beneficiaries admitted that they were not making regular repayment and they accounted for 59 per cent, 41 per cent and 22 per cent of the beneficiaries from Kolar, Raichur and Udupi districts, respectively. About one fifth of the beneficiaries did not report their repayment status whether regular or otherwise.

Table 5.21: Distribution of beneficiaries by regularity in repayment

District	Repayment made regularly			
	Yes	**No**	**NR**	**Total**
Kolar	403 (31.88)	748 (59.18)	113 (8.94)	1264 (100)
Raichur	375 (27.43)	559 (40.89)	433 (31.68)	1367 (100)
Udupi	688 (59.52)	261 (22.58)	207 (17.91)	1156 (100)
All	1466 (38.71)	1568 (41.40)	753 (19.88)	3787 (100)

Note: Figures in parentheses are percentages to total
Source: Based on table generated by IAMR

5.13.2. Recovery of loan by the status of the unit and year of start

Recovery of loans conditions the sustainability of the financial institutions and also indicates the success of the schemes/programmes for which finance was extended. Prompt and timely repayment of the loan also indicates the feasibility and profitability of the venture. PMRY was implemented in the study districts, i.e., Kolar, Raichur and Udupi during 1998-99 through 2000-01. The repayment pattern was more or less the same in all the districts (Table 5.22). As expected, percentage of recovery was the highest for the functioning units and lowest in the case of units where status was not reported.

The percentage of loan recovered for the year 1999-2000 was the highest for functioning, non-functioning as well as not reported units in all the 3 districts. Udupi had a little deviation where repayment from owners of non-functioning units was higher during 1998-99 when compared with 1999-2000 and 2000-2001. The overall recovery rate was 70 per cent in Udupi district when compared with 36 and 33 per cent of the loan amounts in Koalar and Raichur districts, respectively. At the aggregate level, repayment from functioning units accounted for 58 per cent of the loan amount whereas the recovery was roughly 36 per cent and 23 per cent for non-functioning and non-reporting units, respectively. The overall recovery of loans lent under PMRY during 1998-99 through 2000-01 in 3 districts accounted for less than 50 per cent of the loan amount disbursed.

Table 5.22: Percentage of loans recovered by year

District & year	Functioning units		Non-functioning units		Status not reported		All units	
	Number of units	% Loan recovered	Number of units	% Loan recovered	Number of units	% Loan recovered	Number of units	% Loan recovered
Kolar								
1998-99	149	54.63	195	33.26	123	21.57	467	37.67
1999-2000	147	57.08	126	34.75	109	24.68	382	41.28
2000-01	182	42.59	113	26.80	122	11.79	417	29.80
All years	478	50.93	434	32.00	354	19.13	1266	36.21
Raichur								
1998-99	321	36.00	159	26.49	13	3.98	493	31.82
1999-2000	278	43.85	129	29.87	26	25.76	433	38.63
2000-01	258	35.29	144	26.45	41	4.09	443	29.53
All years	857	38.28	432	27.48	80	10.39	1369	33.19
Udupi								
1998-99	276	78.86	82	65.45	64	24.81	422	69.21
1999-2000	272	86.71	46	51.46	57	44.69	375	76.39
2000-01	271	71.72	48	61.92	55	31.85	374	64.23
All years	819	79.15	176	60.70	176	33.57	1171	69.91
All districts								
1998-99	746	57.53	436	37.66	200	21.09	1382	46.86
1999-2000	697	65.03	301	35.66	192	31.80	1190	52.92
2000-01	711	52.20	305	33.16	218	16.65	1234	41.65
All years	2154	58.22	1042	35.74	610	22.78	3806	47.08

Source: Based on table generated by IAMR

5.13.3. Action Taken by Banks for Recovery of Loan

When the borrowers do not repay loan or loan installment in time bank or financing agencies adopt different strategies to recover the loan amount. The actions taken for recovering the loan from beneficiaries of PMRY Scheme includes issuance of notices, periodic visits by bank officials to beneficiaries, joint visit bu DIC and bank officials, approaching the local authority, auctioning of mortgaged property, etc. It can be seen from Table 5.23 that in Kolar district, 50 of the 100 beneficiaries of PMRY Scheme were either visited by the bank officials alone or jointly with DIC officials for recovery of loan amount. 23 borrowers were served notices whereas mortgaged property was auctioned in the case of 5 borrowers. In Raichur, bank served notice to 13 of the 50 borrowers for recovery of dues whereas loans were recovered from 24 borrowers by visiting the premises of borrowers by bank or and DIC officials together. Mortgaged property of 4 borrowers was auctioned and loans from 4 beneficiaries was recovered other action. The number of borrowers avoiding repayments was the highest (377) in Udupi district. It was observed that 101 borrowers were served with notices and equal number of borrowers were visited by bank officials for the recovery of loans given under PMRY Scheme in Udupi district. Similarly, 84 borrowers were visited jointly by bank and DIC officials to effect recovery of loans and mortgaged property was auctioned in the case of 28 cases. Overall, 137 cases were served notices and in 139 cases loan was recovered by visiting the borrowers. The bank and the DIC officials visited together 120 borrowers for recovery of loans and bank approached local authorities to recover loans in the case of 73 borrowers. As many as 37 properties mortgaged against the loan were auctioned and 21 loans were recovered using other methods.

Table 5.23: Action Taken by Banks for Recovery of Loan

District	Issue of Notice	Visits by Bank Officials to Beneficiaries	Visits with DIC Officials	Approach to Local Authorities	Auction of Mortgaged Property	Others
Kolar	**23**	**25**	**25**	**14**	**5**	**8**
Raichur	**13**	**13**	**11**	**5**	**4**	**4**
Udupi	**101**	**101**	**84**	**54**	**28**	**9**
All	**137**	**139**	**120**	**73**	**37**	**21**

Source: Table generated by IAMR

5.14. Beneficiaries' perception of economic impact of PMRY

Beneficiaries were asked whether the support under PMRY had improved the economic status of the family and if so they were asked to indicate the area, which had improved the most. The responses have been presented in Table 5.24. A total of 893 beneficiaries from Kolar, 570 from Raichur and 927 beneficiaries from Udupi responded to the queries. In all the three districts, a majority of the beneficiaries admitted that PMRY assistance facilitated improvement in housing conditions as well as improvement in food and nutrition. Improvement in the schooling of children was reported by roughly 7 per cent of the beneficiaries from the study districts.

Table 5.24: Impact of PMRY on the economic status of beneficiaries

Aspect of life	Number of beneficiaries reporting positive impact			
	Kolar	**Raichur**	**Udupi**	**All Districts**
Food and nutrition	**344 (26.32)@**	**252 (44.21)**	**326 (35.17)**	**922 (32.88)**
Housing	**423 (32.36)**	**251 (44.04)**	**454 (48.98)**	**1128 (40.23)**
Health and medical care	**204 (15.61)**	**14 (2.46)**	**54 (5.83)**	**272 (9.70)**
Schooling of children	**107 (8.19)**	**46 (8.07)**	**64 (6.90)**	**217 (7.74)**
Others	**229 (17.52)**	**7 (1.23)**	**29 (3.13)**	**265 (9.45)**
Actual Responses	**1307 (100)**	**570 (100)**	**927 (100)**	**2804 (100)**

Note: Figures in parentheses indicate percentage to respective column total
Source: Based on table generated by IAMR

Annexure Tables

Annexure Table 5.1a: Distribution of Cases by Percentage of Amount Disbursed to Amount Sanctioned – Kolar District

District	Year	Activity	% Of amount disbursed to sanctioned amount								
			100	90-99	80-89	70-79	60-69	50-59	1-49	NR	Total
Kolar	1998-1999	Business	261	38	10	6	10	6	8	5	344
		Industry	24	2	1	0	0	0	0	0	27
		Service	72	11	1	1	0	1	1	1	88
		NR	11	2	0	0	0	1	0	0	14
		Total	368	53	12	7	10	8	9	6	473
	1999-2000	Business	230	23	8	2	5	9	9	3	289
		Industry	15	1	1	1	0	1	1	0	20
		Service	60	6	2	0	0	0	2	0	70
		NR	4	1	0	0	0	0	1	1	7
		Total	309	31	11	3	5	10	13	4	386
	2000-2001	Business	268	23	5	7	2	4	9	1	319
		Industry	22	2	1	2	0	3	4	0	34
		Service	47	4	3	0	0	1	2	0	57
		NR	6	0	1	1	0	0	0	0	8
		Total	343	29	10	10	2	8	15	1	418
	Total		1020	113	33	20	17	26	37	11	1277

Source: Table generated by IAMR

Annexure Table 5.1b: Distribution of Cases by Percentage of Amount Disbursed to Amount Sanctioned – Raichur District

District	Year	Activity	% Of amount disbursed to sanctioned amount								
			100	90-99	80-89	70-79	60-69	50-59	1-49	NR	Total
Raichur	1998-1999	Business	271	3	1	0	3	3	3	3	287
		Industry	31	0	0	0	0	0	0	0	31
		Service	142	0	1	0	3	0	3	1	150
		NR	25	2	0	0	1	0	0	0	28
		Total	469	5	2	0	7	3	6	4	496
	1999-2000	Business	228	1	2	4	4	3	4	4	250
		Industry	19	1	0	0	0	0	0	0	20
		Service	152	1	2	1	5	2	1	0	164
		NR	3	0	0	0	0	0	0	0	3
		Total	402	3	4	5	9	5	5	4	437
	2000-2001	Business	260	2	2	1	3	7	3	4	282
		Industry	19	0	0	0	0	0	0	0	19
		Service	130	0	0	0	4	4	2	1	141
		NR	5	0	0	0	0	0	1	0	6
		Total	414	2	2	1	7	11	6	5	448
	Total		1285	10	8	6	23	19	17	13	1381

Source: Table generated by IAMR

Annexure Table 5.1c: Distribution of Cases by Percentage of Amount Disbursed to Amount Sanctioned – Udupi District

District	Year	Activity	% Of amount disbursed to sanctioned amount								
			100	90-99	80-89	70-79	60-69	50-59	1-49	NR	Total
Udupi	1998-1999	Business	185	2	0	1	0	0	1	0	189
		Industry	45	0	0	0	0	0	1	0	46
		Service	172	3	0	0	0	0	1	0	176
		NR	11	0	0	0	0	0	0	0	11
		Total	413	5	0	1	0	0	3	0	422
	1999-2000	Business	172	3	0	1	0	0	4	0	180
		Industry	25	0	0	0	0	0	0	0	25
		Service	162	1	2	1	0	0	0	0	166
		NR	3	0	0	0	0	1	0	0	4
		Total	362	4	2	2	0	1	4	0	375
	2000-2001	Business	184	2	1	0	0	0	0	0	187
		Industry	35	0	0	0	0	0	1	0	36
		Service	140	2	1	0	1	0	1	0	145
		NR	6	0	0	0	0	0	0	0	6
		Total	365	4	2	0	1	0	2	0	374
	Total		1140	13	4	3	1	1	9	0	1171
Total			3445	136	45	29	41	46	63	24	3829

Source: Table generated by IAMR (Based on DIC master sheet & bank sheet)

Annexure Table 5.2a: Average Amount Sanctioned and Disbursed Per Beneficiary - Kolar District

District	Year	Activity	Cases Sanctioned	Average Amount sanctioned	Cases Disbursed	Average Amount Disbursed	No of Installments for Disbursement of Loan Amount		
							One	Two	> Two
Kolar	1998-99	Business	344	46,030	339	43,633	166	84	89
		Industry	27	51,538	27	53,473	17	7	3
		Service	88	55,592	87	54,449	53	15	19
		NR	14	41,043	14	39,043	10	0	4
		Total	473		467		246	106	115
	1999-2000	Business	289	51,138	286	48,383	119	70	97
		Industry	20	77,228	20	71,073	6	5	9
		Service	70	59,754	70	58,176	34	12	24
		NR	7	46,000	6	33,500	1	1	4
		Total	386		382		160	88	134
	2000-01	Business	319	49,517	318	47,294	133	72	113
		Industry	34	61,657	34	51,891	12	7	15
		Service	57	56,072	57	53,118	22	11	24
		NR	8	66,400	8	60,650	2	2	4
		Total	418		417		169	92	156

Source: Table generated by IAMR

Annexure Table 5.2b: Average Amount Sanctioned and Disbursed Per Beneficiary - Raichur District

District	Year	Activity	Cases Sanctioned	Average Amount sanctioned	Cases Disbursed	Average Amount Disbursed	No of Installments for Disbursement of Loan Amount

							One	**Two**	**> Two**
		Total	418		417		169	92	156
Raichur	1998-99	Business	287	54,231	284	53,162	151	84	49
		Industry	31	64,606	31	64,606	18	8	5
		Service	150	56,023	149	54,736	98	31	20
		NR	28	58,929	28	58,004	15	12	1
		Total	496		492		282	135	75
	1999-2000	Business	250	52,350	246	51,073	132	85	29
		Industry	20	72,442	20	75,825	15	3	2
		Service	164	55,750	164	54,419	125	26	13
		NR	3	45,000	3	45,000	3	0	0
		Total	437		433		275	114	44
	2000-01	Business	282	54,019	278	53,910	164	76	38
		Industry	19	70,553	19	70,553	12	4	3
		Service	141	58,755	140	55,895	88	25	27
		NR	6	50,908	6	46,742	2	2	2
		Total	448		443		266	107	70

Source: Table generated by IAMR

Annexure Table 5.2c: Average Amount Sanctioned and Disbursed Per Beneficiary - Udupi District

District	Year	Activity	Cases Sanctioned	Average Amount sanctioned	Cases Disbursed	Average Amount Disbursed	No of Installments for Disbursement of Loan Amount		
							One	**Two**	**> Two**
Udupi	1998-99	Business	189	62,223	189	61,955	142	24	23
		Industry	46	69,134	46	68,230	34	5	7
		Service	176	64,362	176	64,241	150	10	16
		NR	11	72,727	11	72,727	4	2	5
		Total	422		422		330	41	51
	1999-2000	Business	180	63,362	180	61,934	143	20	17
		Industry	25	67,460	25	67,460	19	3	3
		Service	166	64,598	166	64,345	125	17	24
		NR	4	76,250	4	68,125	3	0	1
		Total	375		375		290	40	45
	2000-01	Business	187	63,548	187	63,468	131	29	27
		Industry	36	67,651	36	67,094	24	5	7
		Service	145	63,070	145	62,260	111	20	14
		NR	6	76,667	6	76,667	2	0	4
		Total	374		374		268	54	52

Source: Table generated by IAMR

Annexure Table 5.3a: Reasons for the closure of ventures/units by districts and activity - Kolar District

Reasons	**Business**	**Industry**	**Service**	**Total**
Units closed	**239**	**14**	**42**	**295**
Regular wage employment	**31**	**4**	**13**	**48**

Tough competition	135	9	29	173
Lack of demand	34	10	11	55
Shift in location	9	4	5	18
Shortage of raw material	29	3	6	38
inadequate finance	100	8	17	125
Sickness	109	5	23	137
Domestic problems	96	5	19	120
Lack of skilled manpower	17	2	6	25
Others	8	0	2	10

Source: Table generated by IAMR

Annexure Table 5.3b: Reasons for the closure of ventures/units by districts and activity - Raichur District

Reasons	Business	Industry	Service	Total
Units closed	69	4	33	106
Regular wage employment	5	1	3	9
Tough competition	44	4	12	60
Lack of demand	33	2	8	43
Shift in location	3	0	0	3
Shortage of raw material	4	0	5	9
inadequate finance	22	2	10	34
Sickness	5	1	4	10
Domestic problems	16	2	7	25
Lack of skilled manpower	7	1	5	13
Others	7	1	5	13

Source: Table generated by IAMR

Table 5.3c: Reasons for the closure of ventures/units by districts and activity Udupi District

Reasons	Business	Industry	Service	Total
Units closed	20	5	15	40
Regular wage employment	3	2	2	7
Tough competition	9	1	5	15
Lack of demand	8	1	6	15
Shift in location	3	0	2	5
Shortage of raw material	5	1	1	7
inadequate finance	5	0	2	7

Sickness	**3**	**1**	**5**	**9**
Domestic problems	**7**	**2**	**3**	**12**
Lack of skilled manpower	**7**	**1**	**2**	**10**
Others	**7**	**1**	**2**	**10**

Source: Table generated by IAMR

Table 5.4a: Average investment in the functioning and non-functioning units Kolar District

District/Activity	Number of units	Average amount of loan from the bank	Additional amount put in by the beneficiary	Average investment
Business				
Unit functioning	**368**	**49783**	**15269**	**65052**
Unit not functioning	**343**	**44807**	**11098**	**55905**
NR	**231**	**42812**	**12240**	**55053**
Sub total	**942**	**46262**	**13008**	**59269**
Industry				
Unit functioning	**28**	**56048**	**40446**	**96495**
Unit not functioning	**21**	**63325**	**21190**	**84516**
NR	**31**	**53237**	**24355**	**77592**
Sub total	**80**	**56869**	**29156**	**86025**
Service				
Unit functioning	**77**	**57722**	**35097**	**92819**
Unit not functioning	**58**	**59377**	**15914**	**75291**
NR	**79**	**49983**	**14481**	**64464**
Sub total	**214**	**55314**	**22287**	**77601**
Not Reported				
Unit functioning	**5**	**42320**	**24000**	**66320**
Unit not functioning	**10**	**49720**	**6700**	**56420**
NR	**13**	**40308**	**4231**	**44538**
Sub total	**28**	**44029**	**8643**	**52671**
All units				
Unit functioning	**478**	**51350.83**	**20029.54**	**71380**
Unit not functioning	**432**	**47776.76**	**12133.45**	**59910**
NR	**354**	**45233.6**	**13507.06**	**58741**
Grand total	**1264**	**48416.1**	**15504.17**	**63920**

Source: Table generated by IAMR

Annexure Table 5.4b: Average investment in the functioning and non-functioning units

Raichur District

District/Activity	Number of units	Loan by the Banks	Additional amount put in by the beneficiary	Average investment
Business				
Unit functioning	**518**	**52534**	**18268**	**70803**
Unit not functioning	**240**	**52593**	**13515**	**66108**

NR	50	56336	25300	81636
Sub total	808	52787	17291	70079
Industry				
Unit functioning	39	69513	18359	87872
Unit not functioning	26	67454	14615	82069
NR	5	79000	69000	148000
Sub total	70	69426	20586	90011
Service				
Unit functioning	284	55674	14256	69930
Unit not functioning	146	53715	11909	65624
NR	22	55082	30273	85355
Sub total	452	55012	14278	69290
Not Reported				
Unit functioning	14	59286	0	59286
Unit not functioning	20	50228	1500	51728
NR	3	68333	47667	116000
Sub total	37	55123	4676	59799
All units				
Unit functioning	855	54462	16641	71103
Unit not functioning	432	53757	12482	66239
NR	80	57857	30238	88095
Grand total	1367	54438	16122	70560

Source: Table generated by IAMR

Annexure Table 5.4c: Average investment in the functioning and non-functioning units

Udupi District

District/Activity	Number of Units	Loan By Banks	Additional amount put in by beneficiary	Average investment
Business				
Unit functioning	385	63929	15824	79753
Unit not functioning	78	58003	15449	73452
NR	87	59084	13793	72877
Sub total	550	62322	15449	77772
Industry				
Unit functioning	73	68908	22178	91086

Unit not functioning	**20**	**65110**	**8050**	**73160**
NR	**13**	**65615**	**15923**	**81538**
Sub total	**106**	**67787**	**18745**	**86533**
Service				
Unit functioning	**346**	**64479**	**14202**	**78680**
Unit not functioning	**67**	**64745**	**8097**	**72842**
NR	**66**	**60471**	**15773**	**76244**
Sub total	**479**	**63964**	**13564**	**77528**
Not Reported				
Unit functioning	**8**	**73438**	**4375**	**77813**
Unit not functioning	**5**	**61000**	**0**	**61000**
NR	**8**	**80000**	**103125**	**183125**
Sub total	**21**	**72976**	**40952**	**113929**
All units				
Unit functioning	**812**	**64705**	**15591**	**80296**
Unit not functioning	**170**	**61585**	**11226**	**72811**
NR	**174**	**61060**	**18810**	**79870**
Grand total	**1156**	**63697**	**15434**	**79131**

Source: Table generated by IAMR

CHAPTER VI

VIEWS OF THE STAKEHOLDERS

6.1. Introduction

This chapter focuses on the views of stakeholders involved in PMRY scheme. These stakeholders are DICs, Task Force Committees, Banks, Training Institutions and the Beneficiaries. Among these, the first three agencies are involved in identification and disbursement of loans under PMRY Scheme. The last stakeholder is involved in imparting training to the potential entrepreneurs identified by DIC and deputed for training. The fourth category is the group of beneficiaries who have completed the processes of PMRY scheme and started the unit. The PMRY scheme envisages certain eligibility criteria for availing the PMRY loans. These gu0idelines relate to age, education, income, place of residence etc. Here we have documented the stakeholder's views.

6.2. Staff Allotted for PMRY Work at DICs

The efficient working of the PMRY Scheme depends upon the adequate staff, who can administer and monitor the programme. However, the DICs, which are handling the PMRY, do not have adequate staff. This is reflected from the Table 6.1. Out of 3 DICs studied, only two DICs have placed one clerical staff each to administer the programme. This staff is also found to be constant in all the years.

Table 6.1: Staff Allocated for PMRY Work at DICs

District/Year		Managerial		Supervisory				
		Technical	Non Technical	Technical	Non-Technical	Clerical	Auxiliary	Total
Kolar	1998-1999	0	0	0	0	1	0	1
	1999-2000	0	0	0	0	1	0	1
	2000-2001	0	0	0	0	1	0	1
	Total	0	0	0	0	3	0	3
Raichur	1998-1999	0	0	0	0	1	0	1
	1999-2000	0	0	0	0	1	0	1
	2000-2001	0	0	0	0	1	0	1
	Total	0	0	0	0	3	0	3
Udupi	1998-1999	0	0	0	0	0	0	0
	1999-2000	0	0	0	0	0	0	0
	2000-2001	0	0	0	0	0	0	0
	Total	0	0	0	0	0	0	0
Grand Total		0	0	0	0	6	0	6

Source: DIC Form

6.3. Classification of Problems faced by DICs

All the DICs have opined that they are facing high intensity of problem with regard to inadequate staff to operate the scheme. However. there have been considerable differences in the intensity of the problem with regard to funds received from center and state. The Raichur DIC opined high intensity of the problem and Kolar opined the low intensity of the problem and Udupi has not faced any problem with regard to this aspect. The undue pressure from applicants and political intervention was found to be high in Raichur than other two districts. It also appears that in all districts, the DICs have faced low intensity of problem from lead banks. However, in Udupi, the DIC has faced medium intensity problem with respect of cooperation from other banks, sanctioning of cases and lack of participation by other stakeholders (Table 6.2). On the whole, the major problem faced by the DICs was inadequate staff, low intensity of problem with regard to funds from the center and state, medium problem with other banks in sanctioning of loans and disbursement of the loans and unnecessary interference of political leaders.

6.4. Opinion of DICs on Various Aspects of the Scheme

6.4.1. Age

As per the guidelines of the scheme, the rural/urban-unemployed educated youth should be in the age group of 18-35 years. However, there has been age relaxation up to 45 years in the case of Women, SCs/STs, ex-servicemen and physically handicapped persons. This age group has been considered as the potential age group. On this issue, there have been divergent views across the study districts, viz. Raichur, Kolar and Udupi. The districts of Raichur and Udupi DICs opined that there was no need for changing or modifying the prescribed age limit criteria under the scheme. The DIC officials of Kolar suggest that the upper age limit should be increased from 35 years to 45 years, which they consider is a more matured age group (See, Table 6.3).

Table 6.2: Classification of Problems Faced by DIC by Intensity

District	Inadequate Staff	Inadequacy of Fund		By lead Banks	By leading Bank	By Other Banks	Sanction of Cases	Loan Disbursement	Lack of Participation	Lack of Dissemination	Lack of Guidance	Undue Pressure from applicant	Training Course not Adequate	Political Intervention	Others
		PMRY	Other Purposes												
Kolar															
High	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Low	0	1	1	1	1	1	1	1	1	1	1	0	1	0	1
Medium	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
No Problem	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NR	0	0	0	0	0	0	0	0	0	0	0	1	0	1	0
Sub Total	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**
Raichur															
High	1	1	1	0	0	0	0	0	0	0	0	1	0	1	0
Low	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Medium	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
No Problem	0	0	0	1	1	1	1	1	1	1	1	0	1	0	1
NR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sub Total	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**
Udupi															
High	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Low	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0
Medium	0	0	0	0	0	1	1	1	0	0	0	1	0	0	0
No Problem	0	1	1	1	1	0	0	0	1	1	1	0	1	0	1
NR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sub Total	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**
Grand Total	**3**	**3**	**3**	**3**	**3**	**3**	**3**	**3**	**3**	**3**	**3**	**3**	**3**	**3**	**3**

6.4.2. Income

In the case of household income of the beneficiaries, the DICs of Udupi and Raichur had not suggested any change in the existing income limit for availing financial assistance under the scheme (See, Table 6.3). This means they did not want any change in the prescribed income criteria under the scheme. However, the Kolar DIC was in favour of raising the income limit of the household. But, has not indicated the range of income to be considered for this revision.

As far as the income of the beneficiary alone, not a single DIC had given any opinion. They were of the opinion that fixing of income criteria to the beneficiaries was not needed as they were unemployed at the time of availing loans. Moreover, implementing this is difficult due to moral hazards. However, this fact is not true, as many of the beneficiaries normally engaged in some income generating occupation to earn their livelihood.

6.4.3. Education

Regarding educational criteria, the DIC's of Kolar and Raichur districts opined that education qualification should be at least 10th standard Pass (SSLC) instead of 8th standard as prescribed in the scheme, whereas, the DIC of Udupi had not suggested any change in existing guidelines regarding education level (see, Table 6.3). Informal discussion with DIC officials reveals that there was no need of age and education criterion. Any person capable of running the activity and with basic reading and writing skills could be given the loan.

6.4.4. Loan amount

All the DICs opined that the amount of financial assistance fixed under the scheme was inadequate to start a profitable unit. They suggested that the loan amount should be increased. The DIC of Kolar, Raichur and Udupi suggested that the loan limit should be increased from the present Rs.2 lakhs to Rs.5 lakhs for industry and service enterprises and from Rs. 1 lakh to 2 lakhs for business ventures (see, Table 6.3).

Table 6.3: DIC's Views on Eligibility and Other Conditions

(Frequencies)

District/ Year	Aspects on which revision is needed					
	Age of the beneficiary	Income of the household of the beneficiary	Income of the beneficiary	Educational qualifications	Limit of amount of loan	Others
Kolar						
YES	0	0	0	1	1	0
NO	1	1	1	0	0	0
Not Stated	0	0	0	0	0	1
Subtotal	1	1	1	1	1	1
Raichur						
YES	0	0	0	1	1	0
NO	1	1	1	0	0	0
Not Stated	0	0	0	0	0	1
Subtotal	1	1	1	1	1	1
Udupi						
YES	0	0	0	0	1	0
NO	1	1	1	1	0	0
Not Stated	0	0	0	0	0	1
Subtotal	1	1	1	1	1	1
All Districts						
YES	0	0	0	2	3	0
NO	3	3	3	1	0	0
Not Stated	0	0	0	0	0	3
Total	3	3	3	3	3	3

Source: DIC Questionnaire – IAMR tables generated from schedules

6.4.5. Involvement of NGOs

The DIC's opinion on the involvement of NGOs in the implementation of PMRY reveals that only DIC of Udupi had opined that involvement of NGO was necessary at all stages excepting sanctioning of loans, whereas, the DICs of Raichur and Kolar suggested that they should not only be involved in the recovery of loans but also to ward off the influence of political leaders who normally advised the beneficiaries not to repay the PMRY loans (see, Table 6.4).

Table 6.4: DIC's Opinion on Involvement of NGOs in Various Processes of PMRY

(Frequencies)

District / Year	Identification of Beneficiary	Sanctioning of Loan Process	Impart Training	Starting Ventures / Activity	Recovery of Loans	Others
Kolar						
YES	0	0	0	0	1	0
NO	1	1	1	1	0	0
Not stated	0	0	0	0	0	1
Sub-Total	1	1	1	1	1	1
Raichur						
YES	0	0	0	0	1	0
NO	1	1	1	1	0	0
Not stated	0	0	0	0	0	1
Sub-Total	1	1	1	1	1	1
Udupi						
YES	1	0	1	1	1	0
NO	0	1	0	0	0	0
Not stated	0	0	0	0	0	1
Sub-Total	1	1	0	1	1	1
All Districts	3	3	0	3	3	3
YES	3	0	0	1	3	0
NO	0	3	0	2	0	0
Not stated	0	0	0	0	0	3
Total	3	3	0	3	3	3

Source: DIC Questionnaire – IAMR tables generated from schedules.

6.4.6. Training

According to the provisions of the PMRY scheme, it is obligatory on the part of the DICs to arrange training for the potential entrepreneurs. Instead of organizing the training themselves in their own centres/ Institutions, DICs should make arrangement for trainees in various training institutions identified by the Directorate of Industries. It is reported by the DICs that the State Directorate did not consult them in the selection of Training Institutions in their jurisdiction.

About the training, all the DIC officials of Kolar, Raichur and Udupi felt that the training was essential before setting up the unit (Table 6.5). However, Udupi DIC officials felt that training was not required to those who opted for fancy stores, beauty parlour, auto-rickshaw and petty shop business, whereas, Kolar and Raichur DIC's officials expressed that there was no need of training for the business entrepreneurs also.

Table 6.5: DIC's Opinion About Training for Beneficiaries

District	Training essential		Training imparted under PMRY adequate		DIC gets feedback from trainees	
	Yes	**No**	**Yes**	**No**	**Yes**	**No**
Kolar	**0**	**0**	**1**	**0**	**1**	**0**
Raichur	**1**	**1**	**1**	**0**	**1**	**0**
Udupi	**0**	**1**	**1**	**0**	**1**	**0**
Grand Total	**1**	**2**	**3**	**0**	**3**	**0**

Source: DIC Questionnaire – IAMR tables generated from schedules.

Two out of the three DICs felt that the training was adequate but still indicated some scope for improvement. Udupi district DIC schedule indicated that the pre-disbursement training was not necessary (Table 6.5). About the feedback from the beneficiaries on the training, all the DICs indicated that they had received feedback from trainees and this feedback revealed that the entire training component was good.

6.4.7. Help to Beneficiaries in Setting up Ventures

All the DIC officials were helping the beneficiaries in providing extension services and raising of the loan from the banks. Apart from this, the Raichur DIC was providing technical know-how and market assistance, whereas, Udupi DIC was helping in terms of extending the technical know-how only (Table 6.6). Besides these tasks, the DICs were extending their cooperation in various ways. Primarily they were accompanying the bankers and other government officials for the recovery of loans. The visit of DIC alone for recovery was reported by Raichur and Udupi Districts. The DIC of Udupi also helped the Banks in filling the FIR against the beneficiaries who had been chronic defaulters.

Table 6.6: DIC;s Help to Beneficiaries in Setting up Ventures and to Banks in Recovery of Loans

District	**Type of help to the beneficiary**						Type of help to the Banks				
	Techn-ical know-how	Market-ing	Quality control	Extens -ion services	Raising the loan from banks	Others	Visit by DIC officials	Joint visits with bank officials	Issuing notices	Approac-hing Govt. officials	Others
Kolar	0	0	0	1	1	0	0	1	0	1	0
Raichur	1	1	1	1	1	0	1	1	0	1	0
Udupi	1	0	0	1	1	0	1	1	1	1	1
Total	**2**	**1**	**1**	**3**	**3**	**0**	**2**	**3**	**1**	**3**	**1**

Source: DIC Questionnaire – IAMR tables generated from schedules.

6.5. Bankers Views on Various Aspects of the Scheme

6.5.1. Age

Out of 326 bank branches in the study districts, only 37 banks felt that the age should be revised from the lower age of 18 years to 25 years. The rest 89.61 per cent banks had not commented on age criterion. This means that the age criteria seems to be satisfactory (Table 6.7). Among those who expressed change in age criteria, a large proportion suggested that the upper age limit should be increased from the present 35 years to 40 years. The suggestion for both minimum and maximum age limit also figured considerably. About 18.9 per cent of the beneficiaries stated that the age group should be 20-40 instead of 18-35 years (Table 6.7a).

6.3.2. Household income

An overwhelming majority of the bankers were of the opinion that there was no need for changing the present income limit criterion for the beneficiaries. However, 46 Banks accounting for about 14 per cent opined for changing wanted change in the present income criterion. Change of income criteria was referred by the bankers of Udupi than Raichur and Kolar. In these two districts, only 6 per cent of the bankers favoured change, whereas, 20 bankers in Udupi district suggested change of income. Above 39 per cent of bankers suggested that the income limit should be Rs.70,000. Another 19.57 per cent of the banks suggested Rs. 50,000. Overall 39 per cent of the banks in 3 districts suggested an income limit of Rs.25, 000 to Rs.50, 000 as household annual income (Table 6.7 b). The analysis brings out a well-developed banking sector of Udupi disrict, which suggested large income limit than the two backward districts of Kolar and Raichur.

6.5.3. Personal income

As far as the beneficiary's income was concerned, 28 bankers expressed that the income limit should be prescribed for the beneficiaries so that the banks will have economically viable beneficiaries who will be in a position to repay the loans. According to a majority, the range of annual income of the individual beneficiary should be between Rs. 10,000 and 20,000. However, there were quite a few bankers who have suggested no income limits for individuals (Table 6.7 c).

6.5.4. Education

An overwhelming proportion of bankers agreed that the educational qualification prescribed under the scheme need not be changed. However, 21.47 per cent of the reported bankers felt that there was need to change education criteria (Table 6.7). Among those banks who opted for change of educational qualification, an overwhelming majority of about 50 Banks were of the opinion that there was need to revise the minimum educational qualification (Table 6.7 d). They suggested that at least SSLC (10th Standard) should be fixed as the minimum qualification for availing the PMRY loan. The next highest educational qualification suggested was PUC. About 8.5 per cent of the bankers also felt that the educational qualification should vary according to the activity proposed. They suggested that higher educational qualification should be asked for, in case of industrial and service activities, and for business ventures even the present qualification could be maintained.

6.5.5. Limit of Loan

Regarding limiting the amounts of loan, 49 bankers were of the opinion that the present loan amount ceiling should be increased. A large proportion of banks from Udupi district had reported this view followed by bankers from Kolar (Table 6.7). Among all the reported schedules, 90 per cent of the bankers felt that the loan amount for the beneficiaries should be between Rs.50,000 to Rs 1 Lakh instead of Rs. 1 lakh to Rs. 2 lakhs. They felt that this amount was enough to start a venture in rural areas where demand for such activities was limited (Table 6.7 e).

6.5.6. Training and Its Duration

From among the 326 reporting banks, only 47 banks (14.41 per cent) had commented on training and its duration. About 9.81 per cent or 32 bankers indicated that training should be at least of the duration of 1 month instead of 15 to 20 days. Banks in all the study districts expressed similar views. This implies that the present duration of training was not enough to train the beneficiaries for running their activities (Table 6.7 f).

6.5.7. Contents of the Training

Regarding the contents of the training, 55 bankers suggested that there should be a change of contents of the training and another 47 bankers felt the need for revision of duration of training. In the district of Udupi bankers have largely opted for changes in these two respects compared to other two districts (Table 6.7). An overwhelming majority of them (35 bankers) suggested that training should be activity-specific instead of common training for all trades. A significant proportion of them (11 bankers) also indicated that the trainees should be exposed more to practical training, and field trips to some units were required instead of confining to classroom training (Table 6.7 g).

Table: 6.7: Banker Views on Different Aspects of PMRY

District	Banks	Number of Banks suggesting revision on following aspects						
		Age of beneficiary	Income of the House hold	Income of the Beneficiary	Education qualification of the beneficiary	Limit of amount of loan	Contents of the court	Duration of training
Kolar	**100**	**8 (8.00)**	**6 (6.00)**	**4 (4.00)**	**14 (14.00)**	**11 (11.00)**	**12 (12.00)**	**10 (10.00)**
Raichur	**47**	**2 (4.26)**	**3 (6.38)**	**2 (2.26)**	**5 (10.64)**	**4 (8.51)**	**3 (6.38)**	**2 (4.26)**
Udupi	**179**	**27 (15.08)**	**37 (20.67)**	**22 (12.99)**	**51 (28.49)**	**34 (18.99)**	**40 (22.35)**	**35 (19.55)**
Grand Total	**326**	**37 (11.59)**	**46 (14.11)**	**28 (8.58)**	**70 (21.47)**	**49 (15.03)**	**55 (14.42)**	**47 (14.42)**

Note: Figures in Parentheses are percentages to total banks.
Source: Bank Questionnaire

Table 6.7a: Suggestions of the Bankers on Age of Beneficiary

No	Age criterion (in years)	Kolar	Raichur	Udupi	Total
1	**Lower age limit 50**	**1**		**2**	**3**
2	**20-40**			**7**	**7**
3	**21-40**	**1**			**1**
4	**40-50**			**1**	**1**
5	**Lower age 25 Limit**	**1**			**1**
6	**Lower age 28 Limit**	**2**			**2**
7	**Upper age 30 Limit**	**1**	**1**	**3**	**5**
8	**Upper age 32 Limit**	**1**			**1**
9	**Upper age 35 Limit**			**3**	**3**
10	**Upper age 40 Limit**	**1**	**1**	**7**	**9**
11	**Upper age 45 Limit**			**3**	**3**
12	**Upper age 50 Limit**			**1**	**1**
	Total	**8**	**2**	**27**	**37**

Source: Bank Questionnaire

Table 6.7b: Suggestions of the Bankers on Annual Income of the Household

No	Income level (Rs)	Kolar	Raichur	Udupi	Total
1	**25000**	**2**		**1**	**3**
2	**35000**	**2**		**2**	**4**
3	**45000**			**1**	**1**
4	**48000**	**1**			**1**
5	**50000**		**1**	**8**	**9**
6	**60000**			**4**	**4**
7	**70000**			**18**	**18**
8	**75000**			**2**	**2**
9	**100000**	**1**	**2**	**1**	**4**
	Total	**6**	**3**	**37**	**46**

Source: Bank Questionnaire

Table 6.7c: Suggestions of the Bankers on Personal Annual Income

No	Income level (Rs.)	Kolar	Raichur	Udupi	Total
1	**10000**			**5**	**5**
2	**20000**			**6**	**6**
3	**24000**	**3**			**3**
4	**25000**	**1**		**1**	**2**
5	**30000**			**2**	**2**
6	**70000**			**2**	**2**
7	**No income Limit**		**2**	**6**	**8**
	Total	**4**	**2**	**22**	**28**

Source: Bank Questionnaire

Table 6.7d: Suggestions of the Bankers on Educational Qualification

No	Educational qualification	Kolar	Raichur	Udupi	Total
1	**5th to 7th**			**2**	**2**
2	**SSLC pass**	**7**	**4**	**39**	**50**
3	**PUC**	**2**	**1**	**4**	**7**
4	**Graduation**	**4**		**1**	**5**
5	**To be fixed depending upon the activity**	**1**		**5**	**6**
TOTAL		**14**	**5**	**51**	**70**

Source: Bank Questionnaire

Table 6.7 e: Suggestion of Bankers on Limiting the Amount of Loan

No	Limit of the amt of loan (Rs.)	Kolar	Raichur	Udupi	Total
1	**50000**	**6**		**13**	**19**
2	**95000**		**1**		**1**
3	**100000**	**4**	**3**	**14**	**21**
4	**150000**			**2**	**2**
5	**200000**			**5**	**5**
6	**250000**	**1**			**1**
	Total	**11**	**4**	**34**	**49**

Source: Bank Questionnaire

Table 6.7 f: Suggestions of the Bankers on Contents of the Training

No	Contents of the training	Kolar	Raichur	Udupi	Total
1	**Motivate to repay bank loan**	**3**		**6**	**9**
2	**Training should be activity wise**	**9**	**3**	**23**	**35**
3	**More practical training and exposure to the field**			**11**	**11**
	Total	**12**	**3**	**40**	**55**

Source: Bank Questionnaire

Table 6.7 g: Suggestions of Bankers on Duration of the Training

No	Contents of the Training	Kolar	Raichur	Udupi	Total
1	**2 to 3 days**	**1**			**1**
2	**1 Week**			**4**	**4**
3	**10 Days**	**2**		**1**	**3**
4	**15 Days**			**1**	**1**
5	**2 Weeks**		**1**		**1**
6	**20 days**			**4**	**4**
7	**1 month**	**6**	**1**	**25**	**32**
8	**3 month**	**1**			**1**
	Total	**10**	**2**	**35**	**47**

Source: Bank Questionnaire

6.5.8. DIC's Help in the Recovery of Loans

Usually, the DIC officials help in recovery drive and accompany the bankers. Out of the total respondents, 98 bankers accounting for 30.06 per cent were of the opinion that the DIC officers helped them recover the loans. The rest had not responded. About 15.95 per cent of the bankers revealed that DIC officers were not helping the banks in recovery (Table 6.8).

Table 6.8: Banker's Views on DIC Officers Help in Recovery of Loan

District	Whether DICs provide help to banks for recovery of loan			
	Yes	**No**	**Not Responded**	**Total Reported Banks**
Kolar	**17**	**13**	**70**	**100**
Raichur	**6**	**8**	**33**	**47**
Udupi	**75**	**31**	**73**	**179**
Total	**98**	**52**	**176**	**326**

Source: Bank Questionnaire

6.5.9. Reasons for Non-repayment of Loan

None of the respondent bankers had commented on the reasons for non-repayment of loans. Only 16.53 per cent (Kolar), 19.63 per cent (Raichur) and 22.39 per cent (Udupi) of the respondents reported the reasons for non-repayment. Wherever, reasons the banks had given for non-repayment, they had not provided these for all activities but for one or two. The major reason attributed by the banks in all districts was 'willful default' followed by 'misidentification and diversion of loans', 'lack of skill', 'lack of experience and technical knowledge'. The closure of units and 'failure of business' were the other reasons attributed for non-repayment of loans (Table 6.9).

Table: 6.9: Reasons for the Non-Repayment of Loans

Reasons	Industry				Service				Business			
	Kolar	**Raichur**	**Udupi**	**Total**	**Kolar**	**Raichur**	**Udupi**	**Total**	**Kolar**	**Raichur**	**Udupi**	**Total**
1. Low profit	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
2. Competition	**0**	**0**	**0**	**0**	**0**	**3**	**1**	**4**	**1**	**1**	**5**	**7**
3. Willful default	**10**	**2**	**7**	**19**	**7**	**0**	**15**	**22**	**7**	**3**	**12**	**22**
4. Mis-utilisation & diversification of loans	**6**	**3**	**4**	**13**	**2**	**1**	**6**	**9**	**3**	**0**	**5**	**8**
5. Closure of unit	**1**	**0**	**2**	**3**	**1**	**0**	**3**	**4**	**1**	**1**	**4**	**6**
6. Business failure	**0**	**0**	**2**	**2**	**0**	**0**	**1**	**1**	**0**	**0**	**6**	**6**
7. Non follow-up of Government	**0**	**0**	**0**	**0**	**1**	**0**	**0**	**1**	**0**	**0**	**1**	**1**
8. Lack of skill, experience and technical knowledge	**4**	**3**	**2**	**9**	**0**	**3**	**5**	**8**	**1**	**1**	**5**	**7**
9. Lack of market	**0**	**0**	**2**	**2**	**1**	**0**	**7**	**8**	**0**	**1**	**2**	**3**
10. Loss, no profit and no income	**0**	**2**	**1**	**3**	**2**	**1**	**3**	**6**	**5**	**0**	**8**	**13**
11. Others (migration, marriage, low loan & location not suitable)	**0**	**0**	**3**	**3**	**0**	**0**	**1**	**1**	**0**	**0**	**0**	**0**
12.Total (1+11)	**21**	**10**	**23**	**54**	**14**	**8**	**42**	**64**	**18**	**7**	**48**	**73**
13.Not reported	**79**	**37**	**156**	**272**	**86**	**39**	**137**	**262**	**82**	**40**	**131**	**253**
Total (12+13)	**100**	**47**	**179**	**326**	**100**	**47**	**179**	**326**	**100**	**47**	**179**	**326**

Source: Bankers Questionnaire.

6.5.10. NGO's Participation

Not many bankers provided any view on the involvement of NGOs in the various process of PMRY scheme. However, 37.73 per cent of them had indicated that NGOs involvement was very useful for the 'recovery of loans'. Almost 32.21 per cent preferred NGOs for imparting training and identification of beneficiary should be done by NGOs was the opinion of 26.07 per cent. About 23 per cent opined their help in starting of the unit. The least preferred intervention of the NGOs is in regard to sanctioning of the unit. Majority of the bankers across districts have felt the necessity of NGOs in the recovery of loans and identification of beneficiaries than any other processes (Table 6.10). Thus the bankers preferred the involvement of NGOs particularly in the identification of beneficiaries, training and starting of the venture than in other processes.

Table 6.10: Bankers Views on Involvement of NGOs in Various Processes of PMRY

District	No of reported banks	Identification of Beneficiary	Sanctioning of Loan	Impart Training	Starting Venture	Recovery of Loans
Kolar	**100**	**20 (20.00)**	**9 (9.00)**	**23 (23.00)**	**18 (18.00)**	**23 (23.00)**
Raichur	**47**	**8 (17.02)**	**6 (12.77)**	**9 (9.15)**	**8 (17.02)**	**11 (23.40)**
Udupi	**179**	**57 (31.84)**	**12 (6.70)**	**73 (10.78)**	**50 (27.93)**	**89 (49.72)**
Grand Total	**326**	**85 (26.07)**	**27 (8.24)**	**105 (32.21)**	**76 (23.31)**	**123 (37.77)**

Note: Figures in Parenthesis are percentage to total banks.
Source: Bankers Questionnaire

6.5.11. Hypothecation and Collateral Security

About 17.48 per cent of the total respondent banks in the 3 districts reported that the present procedure regarding hypothecation procedure for releasing the loan was satisfactory. Across the districts, a larger proportion of banks, reported satisfaction on this issue, and they all belonged to Udupi district (Table 6.11).

On the collateral security, about 29 per cent of the bankers expressed the view that there was every need for collateral security of PMRY beneficiaries (Table 6.11). Once again, a larger proportion of bankers' favoured collateral security came from Udupi district (35.75 per cent), followed by Raichur (21.28 per cent) and Kolar (19.00 per cent).

Table 6.11: Bankers Views on Hypothecation and Collateral

District	Whether present hypothecation procedure for releasing loan is satisfactory		Total	Whether collateral security is needed for the loan amount		Total
	Yes	**No**		**Yes**	**No**	
Kolar	**10 (10.00)**	**90 (90.00)**	**100**	**19 (19.00)**	**81 (81.00)**	**100**
Raichur	**4 (8.51)**	**43 (91.49)**	**47**	**10 (21.28)**	**37 (78.72)**	**47**
Udupi	**43 (24.02)**	**136 (75.98)**	**179**	**64 (35.75)**	**115 (64.25)**	**179**
Grand Total	**57 (17.48)**	**269 (82.52)**	**326**	**93 (28.53)**	**233 (71.47)**	**326**

Note: Figures in Parenthesis are percentage to total banks.
Source: Bankers Questionnaire.

6.5.12. Number of Batches Trained

A total of 5896 entrepreneurs have been trained in all the 3 districts from 1998 to 2001. A majority of them were trained (44.54 per cent) in Kolar and the rest have been trained equally in other two districts. These have been trained in different months and different batches. This perhaps due to lack of adequate training infrastructure in these districts to train all the beneficiaries at a time. The data reveal that the number of batches trained was accounted for 68 and they have not shown increasing trend from 1998-1999 to 1999-2000. But in 2000-2001 there has been enormous increase in batches in all the districts. Among the districts, the Raichur has conducted more number of batches (28 batches), which accounted for 41 percent of the batches conducted from 1998 to 2001 in all the districts (Table 6.12).

Table 6.12: Number of Batches Trained by Training Institutions

District/Year		Number of batches	No of trainees
Kolar*	**1998-1999**	**6**	**916**
	1999-2000	**5**	**848**
	2000-2001	**12**	**868**
Sub-Total		**23**	**2632**
Raichur	**1998-1999**	**8**	**512**
	1999-2000	**8**	**490**
	2000-2001	**12**	**603**
Sub-Total		**28**	**1605**
Udupi	**1998-1999**	**4**	**570**
	1999-2000	**2**	**577**
	2000-2001	**11**	**512**
Sub-Total		**17**	**1659**
Grand Total		**68**	**5896**

Note: This is based on DIC's Information on no. of beneficiaries trained as the information on training provided by training institute is under-estimated
Source: Training Form

6.5.13. Beneficiaries Trained by Type of Activity and Social Class

Altogether, 5 institutions in 3 districts have trained a total of 4223 persons (Table 6.13). major proportion of them were male (81.96 per cent). Across trades and different social classes, the proportion of male trained was also found to be larger. However, a larger proportion of the beneficiaries trained belong Other Backward Castes (OBCs) category, which has dominated other categories. The disheartening fact is that the SC & St trained were just 14.92 per cent, which is less than the requirement of 18 per cent. This calls for more attention to this class. Across trades a large number of beneficiaries were trained in business (53.68 per cent) in all the study districts followed by service (35.78 per cent).

Table 6.13: Number of Beneficiaries Trained by Type of Activity and Social Class

District/Year		Total number trained										G. Total
		Male					**Female**					
		SC	**ST**	**OBC**	**General**	**Total Male**	**SC**	**ST**	**OBC**	**General**	**Total Female**	
Raicur												
	Business	**71**	**31**	**289**	**337**	**728**	**12**	**3**	**31**	**54**	**100**	**828**
	Industry	**21**	**8**	**88**	**77**	**194**	**1**	**0**	**9**	**9**	**19**	**213**
	Service	**74**	**26**	**219**	**189**	**508**	**11**	**3**	**17**	**25**	**56**	**564**
	Total	**166**	**65**	**596**	**603**	**1430**	**24**	**6**	**57**	**88**	**175**	**1605**
Udupi												
	Business	**18**	**13**	**368**	**196**	**595**	**3**	**3**	**100**	**39**	**144**	**739**
	Industry	**3**	**0**	**76**	**89**	**168**	**0**	**0**	**10**	**13**	**22**	**190**
	Service	**31**	**12**	**352**	**144**	**539**	**9**	**0**	**92**	**34**	**137**	**676**
	Total	**53**	**25**	**801**	**418**	**1298**	**13**	**3**	**205**	**86**	**307**	**1605**
Kolar												
	Business	**115**	**13**	**355**	**39**	**522**	**53**	**6**	**84**	**35**	**178**	**700**
	Industry	**6**	**0**	**13**	**13**	**32**	**2**	**0**	**2**	**6**	**10**	**42**
	Service	**44**	**8**	**94**	**33**	**179**	**24**	**4**	**48**	**16**	**92**	**271**
	Total	**165**	**21**	**462**	**85**	**733**	**79**	**10**	**134**	**57**	**280**	**1013**
Grand Total	**Business**	**204**	**57**	**1012**	**572**	**1845**	**68**	**12**	**215**	**128**	**422**	**2267**
	Industry	**30**	**8**	**177**	**179**	**394**	**3**	**0**	**21**	**28**	**51**	**445**
	Service	**149**	**46**	**665**	**366**	**1226**	**44**	**7**	**157**	**75**	**285**	**1511**
	Total	**384**	**111**	**1859**	**1106**	**3461**	**116**	**19**	**396**	**231**	**762**	**4223**

Source: Training Form

6.5.14. Availability of Training Infrastructure

The adequate staff and other infrastructural facilities at the training institutions are very essential for imparting good training. In the study districts, these facilities are differed in number of staff and other facilities. It was found that the staff in Udupi district is adequate than Kolar and Raichur districts. However, this indicator does not reflect the true picture. This is because the training institution CEDOK, which is located at Dharwad, is the premier training institute conducts training in various districts and taluks with its staff. Whereas, the training institute in Kolar and Raichur caters the training needs of the respective districts. All these training institutes have classrooms for conducting training. The training institutes in Kolar and Raichur possess 4 classrooms each. However, these are less compared to 9 rooms possessed by Udupi training institute. But the numbers of training institutes in the district are 3 in number and the rooms per institute works out to be 3. Similar trend was noticed in number of tools and machinery and each one of these possesses one computer each for the office use. In respect of method of training, all the institutions are using visual aids for imparting training apart from delivering lectures, conducting practical classes, demonstration classes, arranging field visits and group discussions (Table 6.14). From this, it can be concluded that the training institutions have basic infrastructure facilities except transport facilities.

Table 6.14 : Availability of Training Infrastructures of the Institution at method of training

District	Infrastructure Facilities (in Numbers)								Method of Imparting Training (No-0, Yes-1)					
	Staff Allo-cated	Teaching Room	Tools & Machi-nery	Workshop/ Shop Laboratory facility	Compu-ter	Transport facility Facility	Conference /Committee Room	Others	Use of Audio Visual Aids	Lecture	Practical demonst-ration	Field work/ field visits	Group discus-sion	Others
Kolar	**27**	**4**	**4**	**2**	**2**	**0**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**0**
Raicur	**63**	**4**	**4**	**0**	**1**	**0**	**0**	**0**	**1**	**1**	**1**	**1**	**1**	**0**
Udupi	**26**	**9**	**8**	**2**	**3**	**0**	**3**	**0**	**3**	**1**	**1**	**1**	**1**	**0**
Total	**116**	**17**	**16**	**4**	**6**	**0**	**4**	**1**	**5**	**3**	**3**	**3**	**3**	**0**

Note: CEDOC's Head office is Dharw

6.6. Opinion of Training Institutions on Various Aspects of the Scheme

Different institutions and agencies were designated for training to the potential entrepreneurs. The training included book keeping, marketing practices, product costing and familiarization with project financing by banks. Asked about the trainer's opinion about the adequacy of the training, all the five training institutions expressed satisfaction and reported that the training given was adequate. They also indicated that the post training assistance was needed to the trainees (Table 6.15(a)). All the training institutions involved in training in the districts indicated that they helped the beneficiaries in getting the loan and subsidy. In addition to these, three more training institutions had also participated in post-training assistance in providing technical know-how, helping in promoting marketing of products, maintaining the quality of the products. Besides this, one of these training institutions is run by a NGO in Udupi had claimed that it had undertaken counseling to the trainees for marketing and helped in upgrading the skills. Another training institution in Udupi also suggested that the beneficiaries with good reputation with banks and sound educational background should only be provided loans under PMRY Scheme (Table 6.15(b)). Asked about their views on the selection criterion of beneficiaries, except one training institute in Udupi, the other institutions indicated that the present selection criterion followed by DICs was quite satisfactory, whereas, about the funding of the training, they reported that the money they received was sufficient (Table 6.16).

Table 6.15(a): Training Institutions Views on Different Aspects of PMRY

District	No of Training Institutions	Whether training is adequate			Post training assistance is provided		
		Yes	**No**	**NR**	**Yes**	**No**	**NR**
Kolar	**1**	**1**	**0**	**0**	**1**	**0**	**0**
Raichur	**1**	**1**	**0**	**0**	**1**	**0**	**0**
Udupi	**3**	**3**	**0**	**0**	**3**	**0**	**0**
Grand Total	**5**	**5**	**0**	**0**	**5**	**0**	**0**

Source: Training Institutes Questionnaire

Table 6.15(b): Training Institution's Post-Training Help to Beneficiaries

Nature of Help	Kolar	Raichur	Udupi			Total
Technical know-how For setting up the unit		**1**		**1**	**1**	**3**
Releasing loans	**1**	**1**	**1**	**1**	**1**	**5**
Promoting marketing of products			**1**	**1**	**1**	**3**
Maintaining quality of products	**1**			**1**	**1**	**3**
Extension services	**1**		**1**	**1**	**1**	**4**
Others				**1**	**1**	**2**

Note: No of Training Institutions-Udupi-3, Kolar-1 and Udupi-1.
Source: Training Institutes Questionnaire.

Table 6.16: Training Institution's Views on Selection Criteria of Beneficiaries and Adequacy of Training Funds

District	Selection criteria appropriate to the beneficiary by DIC		Inadequacy of money received for training	
	Yes	**No**	**Yes**	**No**
Kolar	**1**	**0**	**1**	**0**
Raichur	**1**	**0**	**1**	**0**
Udupi	**2**	**1**	**3**	**0**
Grand Total	**4**	**1**	**5**	**0**

Source: Training Institutes Questionnaire.

About the reasons for failure of PMRY scheme, all the training institutions were of the view that lack of knowledge about marketing, mismanagement of financial resources, and misidentification of beneficiaries and diversion of PMRY loans towards other purposes were the main reasons for the failure of the scheme. Other four institutions indicated that lack of business skills and experience among the beneficiaries makes the ventures non-viable (Table 6.17).

Table 6.17: Training Institution's Views on Reasons for Failure of PMRY Beneficiaries

Reasons for failure	Kolar	Raichur	Udupi	Grand Total
Lack of interest/ seriousness on the part of beneficiary	1	0	2	3
Lack of support from family members	0	0	0	0
Inadequate loan from banks	1	1	2	4
Lack of knowledge about the marketing	1	1	3	5
Lack of knowledge about the quality production	0	1	3	4
Mis-management of financial resources	1	1	3	5
Mis-utilization of diversion of funds from the activity for which loan was taken	1	1	3	5
Lack of skill/vocational knowledge	1	0	1	2
Lack of educational qualification	1	1	2	4
Natural Calamities	0	0	0	0
Inadequate income	0	0	1	1
Got better employment	0	0	0	0
Non viable venture	1	1	2	4
Others	0	0	2	2

Source: Training Institution's Questionnaire

6.6.1. Classification of Training Institution by Type of Management, Year of Establishment

There are 5 training institutions engaged in 3 districts for importing training to the perspective beneficiaries of PMRY Scheme. Normally, one training institute would engage in training in each district. But in Udupi 3 training institutions have been engaged in this task. The public sector bank is managing one of these and another two are managed by NGOs. From this, one can say that the Udupi district possesses better training infrastructure than other two districts. Another implication is that emerged from this is that the training institutions are providing good training to limited number of trainees without much crowd as compared two other two districts.

These training Institutions were established between 1991-2000. However, one training institute in Udupi was established in between 1981 and 1990. Most of these institutions are located in urban areas. Although, their activities are found to be varied in nature, the common interest is found to be imparting training to the PMRY beneficiaries. However, one of the institutions in Udupi and another 2 institutions in the same district are involved in research and consultancy activities (Table 6.18).

Table 6.18: Classification of Training Institutions by Type of Management, Year of Establishment, Location and Main Activity

District	No. of training institution	Type of management					Year of Establishment				Location		Main Activity			
		Govern-ment	Semi-Govt.	Private	Bank	Run by NGO	Up to 1980	1981 - 1990	1991 - 2000	After 2000	Rural	Urban	Training	Research	Consultancy	Others
Udupi	**3**	**0**	**0**	**0**	**1**	**2**	**0**	**1**	**2**	**0**	**1**	**2**	**3**	**1**	**2**	**3**
Raichur	**1**	**0**	**1**	**0**	**0**	**0**	**0**	**0**	**1**	**0**	**0**	**1**	**1**	**0**	**0**	**0**
Kolar	**1**	**0**	**0**	**0**	**1**	**0**	**0**	**0**	**1**	**0**	**1**	**0**	**1**	**0**	**0**	**0**
Grand Total	**5**	**0**	**1**	**0**	**2**	**2**	**0**	**1**	**4**	**0**	**2**	**3**	**5**	**1**	**2**	**3**

Note: Training Institutes are:

Source: Training Form

1. Center for Entrepreneurship Development of Karnataka (1992) – Raichur.
2. Rural Development and Self-Employment Training-1988 (RUDSET)-Udupi.
3. Spoorthi (NGO)- Udupi-1999. (Sponsored by Syndicate Bank, Shri Dharmasthala Manjunatheswara Educational Trust, Canara Bank.
4. Syndicate Institute of Rural Entrepreneurship Development-2000 (SIRD)- Udupi (Sponsored by Syndicate Bank).
5. RISET Institute (1992) - Kolar.

6.7. Opinions of Beneficiaries on Various Aspects of the Scheme

6.7.1. Age criterion

Out of the total 3787 beneficiaries, 2099 expressed that the age criterion needed to be changed and they suggested various groups. These were classified in to 33 groups. A larger proportion of them had suggested that the upper age limit should be

Table 6.19: Beneficiaries' Views on Age Criterion

Age Group	Percentages			
	Kolar	Raichur	Udupi	Total
18-30	0.88	1.79	4.34	2.29
18-40	26.61	41.46	47.76	37.92
18-50	13.62	28.94	15.63	18.77
18-60	0.13	0.16	0.14	0.14
19-30	0.13	0	0	0.05
19-40	0.5	0	0.14	0.24
19-50	0.13	0	0	0.05
20-30	0.38	0	0.29	0.24
20-40	16.9	12.68	14.33	14.82
20-50	17.78	10.89	2.6	10.77
20-80	0	0.16	0	0.05
21-30	0	0	0.14	0.05
20-40	2.02	0	1.45	1.24
20-50	1.39	0	0.58	0.71
22-30	0.25	0	0.14	0.14
22-40	1.01	0	1.74	0.95
22-50	0	0	1.16	0.38
23-40	0.25	0	0.58	0.29
23-50	0.13	0	0.14	0.1
24-40	0.25	0	0.43	0.24
25-30	0	0	0.29	0.1
25-40	4.67	0.33	4.49	3.33
25-50	11.35	0.81	2.17	5.24
26-40	0.25	0.16	0	0.14
26-50	0	0	0.14	0.05
28-40	0.25	0.16	0.43	0.29
28-50	0	0	0.14	0.05
30-40	0	0.98	0	0.29
30-50	0.38	0.16	0.14	0.24
35-40	0	0	0.14	0.05
35-50	0.13	0	0	0.05
35-60	0.13	0.16	0	0.1
40-45	0.5	0.81	0.14	0.48
No age limit	0	0.33	0.29	0.19
Total	100	100	100	100
	793	615	691	2099

increased from the existing 35 years to 40 years. Another 18.77 per cent of the beneficiaries had suggested that the upper age limit should be raised to 50 years. Besides these views, there were suggestions for both changing of the minimum as well as maximum age limits. However, the significant proportion of them suggested the age groups as 20-30, 20–40, 25-40 and 25-50. The respective proportions accounted for 14.82 per cent, 10.77 per cent, 3.33 per cent, and 5.24 per cent respectively. These culminate into a common group of 20 to 40 years. There were a few beneficiaries who had suggested that there was no need of any age criterion for availing the loan. They suggested that any age group could be given loan provided the beneficiary was capable of starting the unit creating a repaying capacity. Across the districts also the respondents favoured similar age changes (Table 6.19).

6.7.2. Family income criterion

As per the guidelines of PMRY scheme, only those unemployed youth whose individual family income was below Rs.40,000 were eligible for availing the loan. However, 36.39 per cent of the beneficiaries interviewed indicated that there was need to change the present income criterion. Their view showed 44 different income groups. But, larger proportion (63.61 per cent) did not favour any change in the present income limit. Among the beneficiaries who suggested change, 85.12 per cent had reported that the income limit should be brought down from Rs. 40,000 to Rs. 36,000 and the remaining suggested that the household annual income should be enhanced from the present limit of up to Rs. 45,000 to even above Rs.60, 000 (Table 6.20).

Table 6.20: Distribution of Beneficiaries by Views on Family Income Criterion

Range of Income (In Rs.)	Kolar		Raichur		Udupi			% Total
	Total	**%**	**Total**	**%**	**Total**	**%**	**Total**	
10000-20000	**308**	**65.67**	**222**	**71.61**	**301**	**50.25**	**831**	**60.3**
20001-36000	**131**	**27.93**	**45**	**14.52**	**166**	**27.71**	**342**	**24.82**
45001-50000	**20**	**4.26**	**18**	**5.81**	**74**	**12.35**	**112**	**8.13**
50001-60000	**7**	**1.49**	**0**	**0**	**37**	**6.18**	**44**	**3.19**
Above 60000	**3**	**0.64**	**25**	**8.06**	**21**	**3.51**	**49**	**3.56**
Total	**469**	**100**	**310**	**100**	**599**	**100**	**1378**	**100**
Not indicted	**795**		**1057**		**557**		**2409**	
Grand Total	**1264**		**1367**		**1156**		**3787**	

Note: Those mentioned the existing age under the scheme are excluded.
Source: Beneficiary questionnaire.

6.7.3. Individual income criterion

Among the 3787 beneficiaries, 1407 beneficiaries accounting for 37.15 per cent gave opinion on the personal income that individuals income limit should be fixed for availing the PMRY loan. In all, we came across 28 classes of income limits suggested by the beneficiaries. These are ranging from Rs.1, 000 and Rs. 50,000 and above (Table 6.21). A large number of beneficiaries suggested that the personal income limit should be Rs.1, 000 to Rs.10,000. About 3.31 per cent also favoured fixing the personal income limit beyond the income limit prescribed for availing loans under the PMRY Scheme. Across the districts also similar opinion was expressed. This implies that there should be some change in income limit criterion in the scheme and this might ensure prompt repayment of loans without having to close down the unit.

Table 6.21: Distribution of Beneficiaries by Views on Personal Income Criterion

Range of Income (in Rs)	Kolar	%	Raichur	%	Udupi	%	Total	% Total
1000-10000	**347**	**72.75**	**138**	**67.98**	**389**	**73.81**	**1015**	**72.12**
10001-20000	**86**	**18.03**	**29**	**14.29**	**93**	**17.65**	**240**	**17.08**
20001-30000	**37**	**7.76**	**13**	**6.4**	**20**	**3.8**	**84**	**5.98**
30001-40000	**1**	**0.21**	**3**	**1.48**	**11**	**2.09**	**17**	**1.19**
40001-50000	**4**	**0.84**	**13**	**6.4**	**10**	**1.9**	**34**	**2.43**
50000 above	**2**	**0.42**	**7**	**3.45**	**4**	**0.76**	**17**	**1.2**
Total	**477**	**100**	**203**	**100**	**527**	**100**	**1407**	**100**
Not Indicated	**787**		**1164**		**629**		**2580**	
Grand total	**1264**		**1367**		**1156**		**3787**	

Source: Beneficiary Questionnaire

6.7.4. Educational Qualification

Regarding minimum educational qualification for getting PMRY benefits, a majority of the beneficiaries (1,649 beneficiaries) did agree continuation of the existing education limit. However, 1,838 beneficiaries accounting for 48.53 of the total beneficiaries interviewed were of the opinion that there was need of changing the education criterion (Table 6.22). Among these, 63.60 suggested that the candidate should have passed at least SSLC (10th standard). Only a smaller proportion i.e 7.45 per cent suggested that the education limit for beneficiaries should be 5 to 7th standard (Middle School).

Table 6.22: Distribution of Beneficiaries by Views on Education Criterion

Education level	Kolar	%	Raichur	%	Udupi	%	Total	% to Total
Primary (1 to 4)	**2**	**0.27**	**0**	**0**	**1**	**0.15**	**3**	**0.16**
Middle (5 to 7)	**77**	**10.31**	**7**	**1.58**	**55**	**8.49**	**139**	**7.45**
High school (8 to 10)	**651**	**87.15**	**433**	**97.74**	**585**	**90.28**	**1944**	**90.93**
Degree	**17**	**2.28**	**3**	**0.68**	**7**	**1.08**	**31**	**1.45**
Total	**747**	**100**	**443**	**100**	**648**	**100**	**1838**	**100**

Note: Those mentioned the existing educational qualification schemes have been excluded.
Source: Beneficiary Questionnaire.

6.7.5. Essentials of Training

On the whole, 77.21 per cent of the beneficiaries expressed that training under PMRY Scheme was essential. They felt the training would help them to start the unit and make it viable. Among the districts, more than 90 per cent beneficiaries from Kolar and Udupi indicated that training was very essential (Table 6.23).

Table 6.23: Whether Training under PMRY Scheme is Essential

Year	Kolar	Raichur	Udupi	Total
1998-1999	**414**	**319**	**311**	**1044**
1999-2000	**350**	**266**	**303**	**919**
2000-2001	**375**	**291**	**295**	**961**
Total	**1139**	**876**	**909**	**2924**
Not responded (NR)	**125**	**491**	**247**	**863**
Grand Total	**1264**	**1367**	**1156**	**3787**

Source: Beneficiary Questionnaire.

6.7.6. Duration of Training

Out of 3787 respondents, 2613 accounting for 69 per cent gave their opinion on duration of training. Among these, 43.25 per cent suggested that training should be between 1–2 weeks followed by 30.85 per cent preferring between 3-4 weeks and about one-fourth indicating training above 4 weeks. The remaining 32 per cent had not responded. This meant they were satisfied with the existing duration (Table 6.24).

Table 6.24: Distribution of Beneficiaries by Views on Duration of Training by Type of Activity (1998-99 to 2000-2001)

Activity/Duration of training	Kolar	Raichur	Udupi	Total
1. Industry				
A. 1-2 Weeks	26	13	31	70
B. Above 4 Weeks	22	6	13	41
C. Not Responded (NR)	34	53	64	151
Total	82	72	108	262
2. Service				
A. 1-2 Weeks	68	136	130	334
B. 3-4 Weeks	42	77	210	329
C. Above 4 Weeks	70	29	48	147
D. Not Responded (NR)	39	222	100	361
Total	219	464	488	1171
3. Business				
A. 1-2 Weeks	399	236	91	726
B. 3-4 Weeks	79	108	290	477
C. Above 4 Weeks	395	44	50	489
D. Not Responded (NR)	90	443	129	662
Total	963	831	560	2354
All sectors				
A. 1-2 Weeks	493	385	252	1130
B. 3-4 Weeks	121	185	500	806
C. Above 4 Weeks	487	79	111	677
Total	1101	649	863	2613
D. Not Reported (NR)	163	718	293	1174
Grand Total	1264	1367	1156	3787

Source: Beneficiary Questionnaire

6.7.7. Beneficiaries Who Received Training and Stipend

A large proportion of the beneficiaries (73.28 per cent) have received the stipend during the training period. However, the proportion of trainees who have received stipend by service entrepreneurs is the lowest compared to industry and business entrepreneurs. Among the trainees who received stipend, a large proportion of them received stipend in the range of Rs.101-200. Similar situation is noticed across the districts. Another 12.97 per cent of the trainees received stipend in the range of Rs.201-300. There were also instances of denying the stipend to a few trainees trainees.

The rest of the trainees have not responded in respect of the stipend that they have received (Table 6.25).

Table 6.25: Distribution of Beneficiaries Who Received Training by Amount of Stipend Received (1998-99 to 2000-2001)

District/Activity		<100	101-200	201-300	>300	Stipend not received	Not Responded	Total
Kolar								
	Business	10	736	57	15	2	143	963
	Industry	4	51	16	3	0	8	82
	Service	3	163	14	6	0	33	219
	Sub Total	17	950	87	24	2	184	1264
Raichur								
	Business	3	501	45	2	6	274	831
	Industry	0	22	22	3	0	25	72
	Service	2	291	44	1	1	125	464
	Sub Total	5	814	111	6	7	424	1367
Udupi								
	Business	14	294	75	15	17	145	560
	Industry	1	61	19	4	0	23	108
	Service	7	252	68	13	12	136	488
	Sub Total	22	607	162	32	29	304	1156
Grand Total								
	Business	27	1531	177	32	25	562	2354
	Industry	5	134	57	10	0	56	262
	Service	12	706	126	20	13	294	1171
	Total	44	2371	360	62	38	912	3787

6.7.8. Amount of Stipend

About the quantum of stipend, 60.04 per cent of the total beneficiaries suggested that the quantum of stipend during training should be increased. Among these, 45.07 per cent suggested that it should be more than Rs.500 per month. Another 37.34 per cent suggested that the stipend could be between Rs. 350 and 500. These statements indicate that the quantum of stipend given presently was not adequate. Therefore, there was a need to enhance the stipend to the trainees. The interesting fact was that almost all beneficiaries who indicated their views on stipend in all the 3 districts suggested that the stipend for potential entrepreneurs who preferred the industrial activity should be given more than Rs.500 as stipend (Table 6.26).

Table 6.26: Distribution of Beneficiaries by Views on Amount of Stipend (1998-99 to 2000-01)

Activity/Stipend (Rs)	Kolar	Raichur	Udupi	Total
I. Industry				
More than 500	**48**	**14**	**61**	**123**
Not reported	**34**	**58**	**47**	**139**
Total	**82**	**72**	**108**	**262**
II. Service				
351-500	**54**	**100**	**132**	**286**
More than 500	**70**	**56**	**211**	**337**
Not reported	**95**	**308**	**145**	**548**
Total	**219**	**464**	**488**	**1171**
III. Business				
201-350	**244**	**107**	**49**	**400**
351-500	**347**	**104**	**112**	**563**
More than 500	**243**	**67**	**255**	**565**
Not reported	**129**	**553**	**144**	**826**
Total	**963**	**831**	**560**	**2354**
All Sectors				
201-350	**244**	**107**	**49**	**400**
351-500	**401**	**204**	**244**	**849**
More than 500	**361**	**137**	**527**	**1025**
Total	**1006**	**448**	**820**	**2274**
Not reported	**258**	**919**	**336**	**1513**
Grand Total	**1264**	**1367**	**1156**	**3787**

Source: Beneficiary Questionnaire

6.7.9. Different Aspects of Training

An Overwhelming majority of the beneficiaries i.e. 80.70 per cent had undergone pre disbursement training (Table 6.27). These beneficiaries commented on different aspects of training imparted to them. Although a large number of (80.70 per cent) of the beneficiaries had undergone training, the proportion of beneficiaries who have undergone training in Raichur was only 56.05 per cent, whereas, in Udupi 69.64 per cent had attended the training. However, the proportion of beneficiaries trained in Kolar was the highest of 91.46 per cent (Table 6.28).

Table 6.27: Distribution of Beneficiaries Who have Undergone Training

Districts	Number of Beneficiaries Interviewed	Number of Beneficiaries Undergone Training	% Of beneficiaries Trained
Kolar	**1264**	**1156**	**91.46**
Raichur	**1367**	**952**	**69.64**
Udupi	**1156**	**9480**	**56.06**
Total	**3787**	**3056**	**80.70**

Source: Beneficiary Questionnaire

Table 6.28: Distribution of Beneficiaries by Views on Different Aspects

Districts	Number of beneficiaries undergone training	Content		Place of training		Faculty		Methodology		Duration	
		Yes	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
Kolar	**1156**	**1143**	**13**	**1067**	**89**	**1144**	**12**	**1130**	**26**	**1141**	**13**
Raichur	**952**	**944**	**8**	**847**	**104**	**939**	**12**	**932**	**18**	**898**	**50**
Udupi	**948**	**943**	**5**	**878**	**70**	**930**	**18**	**904**	**43**	**926**	**22**
Total	**3056**	**3030**	**26**	**2792**	**263**	**3013**	**42**	**2966**	**87**	**2965**	**85**

Source: Beneficiary Questionnaire

6.7.10. Need for Additional Training

The beneficiaries' views about the need for additional training revealed that 45.23 per cent of them expressed no need for additional training for starting the enterprise. A large proportion of those who expressed need for additional training suggested that they require more training in market assessment (1254 beneficiaries), financial management (1097 beneficiaries) process wastage minimization (1020 beneficiaries), maintenance of business account (1080 beneficiaries), conducting work study (745 beneficiaries) and know-how on taxation, income tax and computation of depreciation (376 beneficiaries).

Across districts, a majority of the beneficiaries expressed that there was need for additional training in the maintenance of business and financial management in Kolar district. In contrast to this, beneficiaries from Udupi showed a desire for additional training in market trade assessment and financial management, whereas, a large number of beneficiaries in Raichur district had opted for training in market trade assessment and technical know-how (Table 6.29).

Table 6.29: Beneficiaries' Views About Need for Additional Training and views on the Stages of the Project Activity at Which Training Should be Imparted (1998-99 to 2000-01)

District/ Year	Additional Training required for starting the venture		Views on the Stages of the Project Activity at Which Training Should be Imparted						
			Technical know how	Market trade assessment	Process/ wastage loss minimization	Conducting work study	Financial manage-ment	Maintenance of Business Accounts	Know-how on Taxation, Income Tax & depreciation etc.
	Yes	**No**							
Kolar									
Industry	**43**	**39**	**33**	**34**	**34**	**32**	**35**	**35**	**16**
Service	**123**	**96**	**88**	**89**	**86**	**72**	**88**	**111**	**51**
Business	**482**	**481**	**303**	**315**	**337**	**202**	**341**	**403**	**125**
Sub Total	**648**	**616**	**434**	**444**	**463**	**311**	**471**	**557**	**195**
Raichur									
Industry	**31**	**41**	**22**	**24**	**16**	**19**	**19**	**15**	**1**
Service	**187**	**277**	**134**	**110**	**94**	**105**	**83**	**77**	**7**
Business	**304**	**527**	**149**	**217**	**137**	**127**	**154**	**175**	**11**
Sub Total	**522**	**426**	**306**	**353**	**248**	**251**	**257**	**269**	**19**
Udupi									
Industry	**59**	**49**	**44**	**50**	**35**	**27**	**44**	**31**	**26**
Service	**216**	**272**	**166**	**158**	**105**	**65**	**161**	**72**	**47**
Business	**268**	**292**	**145**	**245**	**167**	**89**	**230**	**149**	**87**
Sub Total	**543**	**613**	**357**	**457**	**309**	**183**	**439**	**254**	**162**
Total of 3 Districts									
Industry	**133**	**129**	**99**	**108**	**85**	**78**	**98**	**81**	**43**
Service	**526**	**645**	**388**	**357**	**285**	**242**	**332**	**260**	**105**
Business	**1054**	**1300**	**597**	**777**	**641**	**418**	**725**	**727**	**223**
Grand Total	**1713**	**2074**	**1097**	**1254**	**1020**	**745**	**1167**	**1080**	**376**

Source: Beneficiary schedule

6.7.11. Reasons for Non-Repayment of Loans

About 43.3 per cent of the beneficiaries were either not at all repaying the loans or not repaying regularly, whereas 56.7 per cent are repaying regularly. Those who were not paying regularly reported various reasons for non-repayment. Among these, inadequate income was the major reason (33.15 per cent) followed by closure of unit (27.28 per cent) and losses (23.40 per cent). The willful default (6.11 per cent) and diversion of funds (5.56 per cent) were the other reasons attributed by the beneficiaries for non-repayment of loans (Table 6.30).

Table 6.30: Distribution of Beneficiaries by Reasons for Non-payment / Delays in Payment

Reason for non-payment /District	Kolar	Raichur	Udupi	Total
Unit not Started	**28**	**8**	**13**	**49**
Closure of Unit	**296**	**106**	**40**	**442**
Incurred losses	**80**	**116**	**183**	**379**
Diversion of Funds	**70**	**3**	**17**	**90**
Inadequate Income	**256**	**246**	**35**	**537**
Employed Elsewhere	**3**	**1**	**0**	**4**
Willful Defaulter	**44**	**50**	**5**	**99**
Any other	**22**	**35**	**12**	**69**
Total	**771**	**557**	**292**	**1620**
Repaying	**465**	**802**	**851**	**2118**
Grand Total	**1236**	**1359**	**1143**	**3738**

Source: Beneficiary Questionnaire

6.8. Summary

The DICs, Task force Committees, Banks, Training Institutions and the Beneficiaries are the stakeholders of the PMRY Scheme. These stakeholders are differently given their views on various processes of the Scheme. Some have expected changes in the criterion laid down under the scheme and some are expecting some the changes in the existing criterion and offered suggestions for modifications. The most important aspects, which have received comments from the stakeholders and their suggestions, are summarized below.

The DICs, Banks, Training Institutions have largely not offered any modifications in the existing age and income criterion and the training its components except the beneficiaries. However, the DICs, Banks and beneficiaries have expressed different opinions on the limit of the loan. The banks as well as the beneficiaries have expressed their view for the raising of the loan limit. But the bankers have not supported this view. Instead they viewed that the existing limits may be further retained. If possible, the limit may be reduced for the rural entrepreneurs to start small units where the demand is less for such activities. About the training, only the bankers have felt that there is no necessity of compulsory training for beneficiaries who opted for business activities. DIC and the bankers have felt the necessity of the NGOs for identification of beneficiaries and reccovry of laons than other processes of PMRY Scheme. These stakeholders are also favored inclusion of more topics, which can motivate the beneficiaries to repay the loan. One of the significant observations that has been noticed is that all the stakeholders are largely favoured for raising of educational standard from the 8 th standard pass to 10 the standard pass (SSLC Pass). On age criterion and household income a significant proportion of beneficiaries have expected changes. They have suggested that the existing age limit of 18-35 years may be raised to 20-40 or 20-45. In regard to income, they have suggested that the income limit has to be brought down from the annual household income of Rs.40, 000 to less than Rs.20, 000 or Rs.36, 000. Although, the DICS, bankers and training institutions were not favoured much for the increase of the stipend, the beneficiaries are favored higher stipend during training particularly for the industrial activity trainees. They also suggested that the activity specific training should be imparted instead of common training for all activities.

CHAPTER VII

SUMMARY AND SUGGESTIONS

7.1. Introduction

Employment creation is the most effective method of poverty alleviation. Given the fast approaching limits to employment in the organised sector and the increasing density of workers in the unorganized sector, creation of self-employment becomes the best alternative available. The failure of Lewis and Harris-Todaro models forces any development economist to whole-heartedly accept creation of self-employment as the paramount strategy. PMRY exactly provides this opportunity to the rural unemployed youth. The approach is simple but quite effective to deal with the problem of unemployment in the crucial age bracket. It involves provision of training and required seed capital to begin a self-employment generating enterprise. Initially, as the potential beneficiary becomes aware of the scheme through newspapers and the sources close to District Industrial Centre (DIC), he/she approaches the DIC with a proposal. The DIC also provides ready-made proposals for some of the most preferred vocations. A Task Force consisting of the officials and Bankers managing the scheme scrutinize the applicants on the basic criteria, and recommend to the Banks for providing loan and also commend them for short duration training. After getting equipped with training and capital the beneficiary opens the intended venture. It is with this simple process that a job is created not only for the beneficiary but it also spurs a spread effect on employment.

This study of evaluating the PMRY scheme for 1998-2001, was given to the Institute of Applied Manpower Research (IAMR), New Delhi, by the Ministry of Rural Development, Govt of India. The study design, selection of beneficiaries, the questionnaire, and tabulation as well as the method of analysis were guided by IAMR. The study was conducted in three districts of Karnataka, specifically selected on two broad criteria, namely, the geographical coverage and the density of beneficiaries. Kolar, Raichur and Udupi districts were taken for the field study. Three groups of investigators with one Research Assistant each were specifically trained to conduct the fieldwork. They were explained the concepts and placed at the district headquarters.

Kolar is a district from southern Karnataka and it is close to Bangalore city. Naturally the links of Kolar district with Bangalore's urban culture is quite notable. The district has irrigation constraints operating on the agricultural sector and thus a good number of rural unemployed youth prefer to come out of agriculture. Hitherto they were swelling the workforce of Bangalore city and even today they prefer Bangalore as a work place. The preference of the beneficiaries of Kolar is more towards Petty Shops, Computer Centres, Telephone booth and dairy. The urban influence also provokes the beneficiary to change from one vocation to another and therefore, finding the beneficiary in the PMRY initiated enterprise was difficult. Raichur district is a typical drought prone district of northern Karnataka. With the frequent visitation of droughts, agriculture has not remained a remunerative profession. The introduction of irrigation in some parts of the district has salvaged the situation to a large extent. But still the young generation prefers to step out of agriculture and enter into new vocations. Generally, the beneficiaries were found to be hard working and sustained themselves in the enterprise chosen under the PMRY scheme. The choice of enterprise ranges from purely agriculture based vocation, dairy to manufacturing, services, shops, telephone booths and vehicle repairs. Udupi is a district with high literacy and sex ratio in favour of females. In any cross-section comparison of districts it comes out as one of the top industrious districts. Historically, hotel and banking are the typical professions preferred by the people. The beneficiaries clearly depict industrious nature of the district and the preferred vocations are many here. The beneficiaries are diversified to a large number of vocations and they also sustain in the chosen trade.

Following the guidelines, the report is organised in seven chapters. After the introductory chapter wherein we have reviewed the employment situation in the background of the State is analysed. This is followed by a chapter on objectives and methodology. The procedural aspects are discussed in chapter four. Economic impact of the scheme is quite an important issue in the evaluation parlance. This is incorporated in chapter five. The views of the beneficiaries about the scheme are put together in the following chapter. In this chapter, we bring together the major findings of the study. We take up some specific issues for discussion here including the recommendations of the High Powered Committee. We have also analysed a few typical case studies to bring out the fine points that may not be tracked in the field survey. The case studies include the successes as well as the failures, but are only indicative and not straight way amenable to generalization. This is followed by some suggestions to improve the performance after taking note of the points emerging out of the field studies in each district.

7.2. Major Findings of the Study

This chapter covers the economic aspects of the PMRY scheme implemented in Kolar, Raichur and Udupi districts of Karnataka during 1998-99 through 2000-01. We present here, in brief, the analysis of data about time taken to start the venture, amount of loan disbursed by the bank, additional investment made by the beneficiaries, source of additional funds. We also present the impact of PMRY on the beneficiaries in terms of employment, change in income levels, repayment of loan and finally, perceptions of beneficiaries about improvement in the living conditions and areas of improvement.

A sizable number of participants opted out of self-employment ventures even though loans were sanctioned to them to start a venture under PMRY. Some of the beneficiaries though they availed loans from the banks did not start the ventures/units due to inadequate finance or lack of demand for their products or services. Roughly, 79 per cent of the beneficiaries started ventures within 4 weeks of disbursal of loans, 18 per cent of the beneficiaries took 5 to 8 weeks time to start the unit and the remaining 3 per cent of the beneficiaries took more than 8 weeks.

The number of ventures started during the implementation period of PMRY (1998 to 2001) accounted for 57 per cent, 52 per cent and 61 per cent of the total ventures financed by banks in Kolar, Raichur and Udupi districts, respectively. About 7.5 per cent (282) of the 3,787 beneficiaries had started self-employment units much before the introduction of PMRY scheme in the district and they too sought financial assistance under the scheme either to expand or revive the old unit. A majority of the ventures started under PMRY were owned individually. The proportion of ventures started before 1998 but benefited through PMRY (during 1998-2001) varied from 5 per cent of the total ventures financed in Udupi to 11 per cent of the total ventures in Kolar taluk. Partnership ventures accounted for just 2 .73 per cent of the total industrial ventures and roughly one per cent each of the business and service ventures.

As stated, some of the beneficiaries did not start the unit even after taking loans due to one or the other reasons. Many of the beneficiaries who started the ventures could not sustain it for longer and many had closed down the units for various reasons. About 57 per cent of the total 3,787 ventures started under PMRY were functioning during October-November 2004 (Survey period) and more than a quarter (27.3 per cent) of the total ventures had either closed down or were not functioning and for the rest their status was not known. The proportion of defunct project was the highest (19 per cent) among industrial ventures and the lowest (14 per cent) among the ventures related to service sector.

There were multiple reasons for closing down the units. A majority (56 per cent of 441 beneficiaries) of the beneficiaries closed down their units due to tough competition whereas 35 per cent each substantiated inadequate finance as well as domestic problems and sickness as the reason for closure of the unit. The beneficiaries were asked the question if they were interested in reviving the unit. Surprisingly, very few (66 of the 446) beneficiaries were inclined to revive the closed units and most of them desired financial help and improved market access to revive closed units.

The loan amount advanced by the bank to start the unit was found inadequate by most of the beneficiaries and they had to arrange for additional funds for investment. The additional investments ranged from a few hundred to more than Rs. 50,000. The number of beneficiaries making additional investment up to Rs. 10,000 ranged from 22.75 per cent of the beneficiaries in Raichur district to 37 per cent in Udupi. The proportion of beneficiaries investing more than Rs. 50,000 was the highest (6.07 per cent) in Raichur and the lowest (4.15 per cent) in Udupi district. The additional funds required to supplement the investment in PMRY unit were mobilized from different sources like friends and relatives, moneylenders, own savings, etc. About 36 per cent of the beneficiaries borrowed from friends and relatives to finance additional investment. Similarly, 25 per cent of the total beneficiaries took loans from moneylenders whereas 29 per cent of the total beneficiaries making additional investment used their savings.

Beneficiaries raising funds from partners and other sources accounted for less than 3 per cent of the beneficiaries making additional investment in PMRY ventures.

Average investment per unit varied over time, space and type of activity selected. Average investment ranged from Rs. 71,000 for business ventures to 91 for industrial units. Average investment was higher for functioning units when compared with non-functioning units. The average returns from investments in functioning ventures (started under PMRY) were 46 per cent, 28 per cent and 43 per cent of the total investment in the venture in Kolar, Raichur and Udupi districts, respectively. The aggregate profit investment ratio was 38 per cent for all the ventures from sample districts taken together.

It was expected that starting of self-employment unit would provide gainful employment and increase the income levels of the beneficiaries' families. It is observed that more than 40 per cent of the beneficiaries from the sample districts reported increase in the annual family income by more than Rs. 25,000. However, about little less than 3 per cent of the beneficiaries did not experience any increase in the annual family income and 5 per cent of the beneficiaries suffered losses or experienced reduction in the annual family income after starting the units. Interestingly, 13 per cent, 19 per cent and 35 per cent of the beneficiaries of PMRY from Kolar, Raichur and Udupi districts, respectively reported increase in the annual family income to the tune of more than Rs. 50,000.

The PMRY scheme was intended to provide employment not only to the beneficiary but also to the family members and others. The proportion of beneficiaries reporting as unemployed as well as un-paid family labour at the time of application had declined significantly and share of self-employed increased tremendously after implementation of PMRY in all the study districts. All the functioning 2,118 units generated employment for 5,297 persons, which included 1,091 wage labourers, 2,088 unpaid family workers and 2,118 beneficiaries. The average employment per unit was the lowest (2.41) in business enterprises and highest (3.3) in the industrial ventures. The investment employment ratio ranged from Rs. 27,658 for industrial unit to Rs. 30,570 for service ventures.

A sizable number of beneficiaries admitted candidly that they were not making regular repayment and they accounted for 59 per cent, 41 per cent and 22 per cent of the beneficiaries from Kolar, Raichur and Udupi districts, respectively. About one fifth of the beneficiaries did not report their repayment status whether regular or otherwise. As expected, percentage recovery was the highest for the functioning units and the lowest in the case of units where status was not reported.

Repayment from functioning units accounted for 58 per cent of the loan amount whereas the recovery was roughly 36 per cent and 23 per cent for non-functioning and non-reporting units, respectively. The overall recovery of loans lent under PMRY during 1998-99 through 2000-01 in three districts accounted for less than 50 per cent of the loan amount disbursed.

In all the three districts, a majority of the beneficiaries admitted that PMRY assistance facilitated improvement in housing conditions as well as improvement in food and nutrition. Improvement in the schooling of children was reported by roughly 7 per cent of the beneficiaries from the study districts.

7.3. Some Specific Issues

7.3.1. Recommendations of the High Power Committee

The Government of India appointed a Committee to look into the problems faced during the implementation of PMRY. The One hundred-ninth Report of the Committee is available now and it deals with the Action Taken by the Government on the Recommendations contained in the 84th Report of the Department-related Parliamentary Standing Committee on Industry on implementation of Prime Minister's Rojgar Yojana (PMRY) in southern States of Andhra Pradesh, Karnataka and Kerala pertaining to the Ministry of Agro & Rural Industries which was presented to Rajya Sabha and laid on the Table of Lok Sabha 19th December, 2002. The committee viewed PMRY as a major Central Sector Scheme for employment generation, and keeping that in sight the committee's recommendations broadly cover seven major aspects.

i. Minimise the rejection ratio by banks as a ratio to number of applications received.
ii. It is necessary to stop delays in the disbursement of loans in PMRY on flimsy grounds.

iii. Application received by the DICs should be quickly forwarded to the designated banks.
iv. The stipulated coverage by the Government of India of weaker sections (SC/STs) under the scheme should be ensured by the Task Force and the Banks.
v. The implementing agency must communicate the targets to the banks well in time.
vi. Orientation programmes should be conducted by DIC for the target groups at Block/Taluka level to popularization of PMRY.
vii. PMRY envisages advancing of loans in the ratio of 50:30:20 respectively for industry, service and business sector, which should be followed to ward off any imbalance.
viii. The targets under PMRY should be fixed in relation to population growth rate, quantum of poverty and absolute approximate number of unemployed.

We list below the recommendations and the action taken report

Recommendation	**Action taken**
Promote awareness programmes for repayment of loans. But non payment due to genuine reasons should be rescheduled	Observations of the Committee has been communicated to the GOK on 30.9.02
Processing of loan applications to be on time to the target stipulated, to SC/STs and women. It is recommended that 12 per cent for SC/ST and 3 per cent for handicapped should be covered for promotion of weaker sections. Further, it is recommended that awareness programmes should be initiated specifically to SC/STs and inclusion of provision for handicapped under PMRY	Observations have been communicated to the State to take necessary action on 4.10.02. Presently, 22.5 per cent share is stipulated for SC/STs and the state government are asked to divert the funds to other categories if enough applications are not received. It is argued that since PMRY's focus is employment and not poverty alleviation, 3 per cent reservation to the physically handicapped does not apply.
Coverage of projects under industry sector was up to the requirement. Under financing or routine target approach by the banks or predominance of business activities in the sanctioned cases was observed. To avoid misuse, it is recommended that model project profiles should be prepared for successful activities based on which finances could be released.	The observation of the committee has been circulated to the concerned. A reply from RBI states that DICs may be able to assess the ground realities of infrastructure, availability of natural resources, skills of people etc. DICs are asked to conduct workshops to popularize the locally suitable schemes.
Reward for districts for better recovery of loans	Observation of the Committee has been communicated to take necessary action
Marketing of products through a common brand name to improve quality of goods, testing labs, mobile testing labs for food products. Promote vendor meets, awareness programmes through SHGs for awareness meets, public campaigns, vendor meets etc. Permanent sale outlets with supportive infrastructure of space and staff by the government	Observation of the Committee has been communicated for necessary action

(Contd)

Publicity about PMRY scheme in Karnataka needs to be promoted particularly for industry, incentives and backup support with establishment of viable industrial units. It is recommended to promote participation of NGOs for identification and selection of process	Observation of the Committee has been communicated for necessary action. The guidelines of the Scheme do not provide implementation through 'Self Help Gorups' (SHG).
Raising the age limit (currently 18-35) under the PMRY was considered important to involve more mature people in the scheme. Modification required lowering of the educational level from 10^{th} to 8^{th} pass while the age limit has not been changed but the committee recommended redefining of age group.	Modifications have lowered the educational level from 10^{th} to 8^{th} pass while the age limit has not been changed.
Sustenance question to be addressed with promotion of group approach with support from Central government. Focus to be on quality entrepreneurs and not number of entrepreneurs. Government should involve in monitoring and follow up activities.	Guidelines of the PMRY Scheme allow setting up of joint ventures by the eligible applicants costing up to to Rs. 10.00 lakhs. Activities like identifying and sponsoring the candidates for the same can be best addressed and tackled by the local bodies of the State Governments. The recommendation has to be kept in view while processing the applications.

Source: Based on the High Power Committee's Report.

7.3.2. Actions Taken on Other Related Issues

- Review of the rejected applications was taken by the Secretary (SSI and ARI) during regional review meetings held during May 2002 to July 2003.
- Reserve Bank of India has issued instructions to the implementing banks to undertake sample check of rejected applications and also to stop delay of disbursement of loan for trivial reasons.
- The Committee has requested the state to issue necessary instructions to their respective DICs to dispose off applications within one month of the receipt of the applications.
- The targets for the year 2003-04 have been communicated before the start of the financial year 2003-04 i.e. on 28^{th} March, 2003.
- Instructions to the States/UTs to initiate effective orientation programmes by the DICs for reaching targets and for popularization of PMRY.
- The Reserve Bank of India has issued instructions to the implementing banks to sponsor/sanction more applications under the Industry Sector in view of higher employment potential in that sector.

7.4. Case Studies

While undertaking the case studies we have taken care of including the cases that bring out the nitty-grittys of the implementation process. Needless to add, that the names and places of the beneficiaries are changed for protecting their identity.

7.4.1. Delay in Second Installments

Suman represents quite a genuine case for PMRY. Her husband was not keeping well and she felt that she should support the family with her tailoring skills. Keen on setting up her own tailoring service unit, she found PMRY as the best helping hand. She availed a loan of Rs.25, 000/- under the PMRY Scheme. It was decided that the loan would be given to her in two installments. With the release of the first installment she purchased a sewing machine and began some work. But unfortunately, in the meantime, her husband passed away. When she approached the Bank to release her second installment to set up a tailoring shop as given in the proposal, the Bank Manager delayed and finally refused to pay her the due amount. Due to this, she was not able to establish a shop and earn, as she wanted to do. She even approached the Head Office of the Bank and explained to them about her situation but to no heed. Defeated by the circumstances, now she works elsewhere and only in the spare time takes up some stitching jobs. She is not able to pay back anything to the banks and not eligible for other bankable proposals under any other schemes. The case clearly indicates that delay or refusal in dispersing subsequent installments on time has lead to failure in establishing the business. Failure in establishing the business has resulted in failure of repayment. Such delay causes mental trauma and helplessness to the beneficiary apart from making the person ineligible for any other scheme. The objective of generating an employment opportunity remained unfulfilled.

7.4.2. An enterprising women entrepreneur

Geetabai is an enterprising entrepreneur who manages her laundry business during her free time successfully. She is happy that she has been able to devote time to her family, particularly her two children and the business simultaneously. Geetabai applied for the PMRY loan basically to improve the already existing laundry established in 1993. She has employed 2 workers to assist her. The motivation behind starting this venture was her husband's work experience with his uncle in the laundry business. This motivated Geetabai to start the business on her own. However, the loan was taken to improve the business, which needed more capital to improve upon the services to be rendered. She obtained a loan of Rs.50,000 in February 1999 under the PMRY scheme. She is very happy about the scheme, which helped her to improve her quality of life and standard of living. Another positive outcome has been setting up of another enterprise - Gas stove service for her husband from the profits derived from this venture. She proudly expressed that she is earning a profit of Rs.1,50,000 annually. She expressed that she had applied for a loan amount of Rs.70,000 but the banks gave her only Rs.50,000, but she could manage the business with that. She has repaid the PMRY loan completely and closed the account in 2002 and received the subsidy amount in cash. She had a few specific suggestions for better implementation and these included increasing the minimum age to 25 years, with at least SSLC and a proper training. Improvement in the existing business helped the beneficiary in starting another venture. Choosing viable ventures in terms of location and prospects can lead to positive results.

7.4.3. Political Leader is a Beneficiary

Nanjundayya is the son of an ex-MLA and a local leader. The family is quite rich and has lands. He availed a loan of Rs.75, 000 under PMRY to set up his service centre as a videographer but never practised it. He lives in a huge three storeyed building with security guards and owns a few four-wheelers. It was quite difficult to collect the details about him but we could manage these from a few close-by people including the security guard. When the Bank Manager and the Field Officer were questioned about giving loan to him, they showed ignorance because the Manager and Field officers who had disbursed loan had been transferred. Here, we come across a clear violation of the PMRY rules by giving loan to an economically well-off candidate. Non-repayment of the loan by the beneficiary is not acted upon. Political influence in availing loans is outwardly obvious.

7.4.4. Inadequate Loan for Taking up Bigger Ventures

Annayya has completed SSLC and was born and brought up in the same village. He owns 6 acres of land and grows Jowar, mainly for household consumption. His dependence on cultivation is often marred by the droughts. After completing his education, he migrated to Goa and Mangalore in search of work as a casual labourer, where he used to paint buildings and boats. Gradually he acquired skills and took up contract work in painting. He came back to the nearby town after 9 years and got married. He was unemployed for 2 years. A political leader, who was his relative, recommended him to take PMRY loan and introduced him to the officer. Inspired by this, Annayya who was visiting his friend's poultry farm often, decided to set up his own poultry farm. The project proposal was made for Rs.2 lakhs, but the Bank Manager told him that he could avail only Rs. 1 lakh and assured him that the whole amount would be given in one installment. The cost of setting up the farm came up to Rs. 1 lakh, (Purchase of land, Rs. 12,000 (53 x 60 feet), Rs.70,000 for errecting the shed, Rs.8,000 for Power connection, Rs.15,000 for Feeders and Drinkers). The poultry unit was situated close to his house. The expenditure for running the unit amounts to Rs.80,000. Annayya rears 1,200 birds per batch and his unit is running well. In order to make the plant work he borrowed money from private sources for meeting the running cost of Rs.80,000 without interest. He had promised that he would pay back the money as and when he sold his stock and would borrow again when he had to buy the feed, which forms the major expenditure. This arrangement continued for three years but as it stopped he was in trouble and was forced to borrow money from a private moneylender at 3 per cent interest rate. Presently, out of his earnings he pays Rs.3,000 as interest to the moneylender, spends Rs.2,000 to maintain his family of 6 people and the rest goes in maintaining the farm. Understanding his problem, the Bank Manager after a spot inquiry assured him the second half of the loan. However, the Manager who promised him the loan got transferred and the beneficiary is pursuing the matter, all over again with the consecutive two Managers who took charge, but are refusing to give him loan. He complains that this process is causing undue stress apart from feeling trapped. Given this situation, he is unable to pay the installments to the Bank. The Bank Manager is exerting pressure through reminders and legal notices. This has caused lot of stress to the beneficiary. After his first loan was sanctioned, PMRY loan limit for an industrial unit was extended to Rs.2 lakhs for which he was not eligible, although poultry comes under the prescribed industrial ventures. This clearly shows that inadequate loan would force the beneficiary towards untoward consequences. Poor understanding of the problem and change in institution's staff affects the beneficiary. This pushes the beneficiary into a trap and harassing him for repayment under such situation will lead to unnecessary stress and frustration. Loan cannot be recovered in such situations unless adequate steps are taken to change the circumstances.

7.4.5. Loopholes in Sanctioning Loans

Ramnath was keen on starting his own venture of tailoring as he had undergone good training course in tailoring. He was sanctioned a loan of Rs.50,000 to start a Tailoring unit. He had planned to purchase 5 sewing machines and set it up in the town. He made all preparations for setting up the unit. However, Ramnath was given only Rs.10,000 and the remaining money was not given to him in spite of making number of trips to the Bank. Trying to track different ways and means to get the loan, he spent Rs.5,000/- through mediators. He was asked for a commission, if he were to receive the rest of the loan amount, which he refused to give. Now he has purchased one sewing machine with the sanctioned amount and he is operating from home. It is interesting that he was neither reminded nor asked to pay back the loan. This reveals poor accountability and follow-up on the part of the Bank officials. Due to this the mediators and touts exploit the situation.

7.4.6. Auto Driver - Women

Asha completed her education till the 8th standard. Initially, she worked as a Sales girl for seven years in a store. She was earning a salary of Rs.500 per month but that was quite inadequate for her family needs. She always wanted to start her own venture to earn more money and achieve self-satisfaction. Advertisement in the Newspaper motivated her to apply for a loan under the PMRY. As she had undergone training in driving for one month in a nearby town, she decided to purchase an auto rickshaw. She underwent the PMRY training, which helped her to a large extent. She received a loan of Rs.70,000, out of which she purchased an auto and is working as a full time auto driver. Although Asha has taken up driving with all enthusiasm, she is facing a few problems, which she is confident to overcome. Her auto met with an accident and hence, had to spend on repairs, which was a serious set back. As of now, she has repaid Rs.65,000 and is keen on paying back the full amount. Asha has a few suggestions with respect to training. She feels that more focus should be on financial management, technical aspects and market trade assessment. Her quality of life has improved as she lives in a better house, with better access to health care and nutrition. It is quite interesting that a woman with a minimum of 8th standard could start her own venture and that too in a male dominated risky profession. PMRY loan has given her an opportunity to earn and improve the quality of life.

7.4.7. Misuse of Power in Lending Loans

Range Gowda availed PMRY loan of Rs. 50,000 for a Sound System Service centre. His name was listed in the Banker's list and thus, he was interviewed. During the discussion it came out that he had received the loan, as the Bank Manager was his close friend. The Bank Manager informed him about the loan and took care of all the formalities. Mr. Gowda had only signed the document and received the whole amount in one installment. Presently, the Manager who had sanctioned the loan and the field officer have been transferred. Although Mr Range Gowda says he would pay, he had not paid any installment so far even after three years. He said that the money received from the PMRY loan was used to improve his existing business. Gowda lives in a huge house, owns a two wheeler and agricultural lands. He has his own business – sound system service. This shows a clear misuse of powers by the Bank Manager and violation of PMRY guidelines as the beneficiary was economically sound. In addition to that he does not repay and receives no notices as others.

7.4.8. Jakanacharya in Making

Somacharya comes from a village that is famous for sculptors. Right from his young days he learnt sculpting under the guidance of his father who himself is an excellent and decorated artist. This young sculptor of 28 years carves exquisite idols out of wood and stone. He had undergone training in sculpture for four years in a school. He worked as a sculptor for one year and gained some work experience. However, he was keen on buying some of the latest time saving equipments and start his own venture. The advertisement in the newspaper motivated him to apply for PMRY loan. Somacharya got a loan of Rs.50,000 and established his own place of work with good equipments. He employed two people to assist him. His turnover is good and amounts up to Rs. 72,000 while his profits are about Rs.36,000 annually. He has paid back the loan completely and also received the subsidy, which was adjusted during the payment of installments. In addition he has trained his workers who are willing to get into independent business. He has specific suggestions with respect to the extension of age from 35 to 40 years and prefers that collateral security should not be insisted by banks as he had pledged his brother's fixed deposit of Rs.50,000. On the whole, he is very happy with the scheme, which helped him begin his own venture and improved his living conditions. The scheme has encouraged other small artisans in the village to begin their own ventures. Complete payment of loan indicates stability of the venture undertaken.

7.4.9. Unmarried Young Women as Beneficiaries

Latha was a technical diploma holder and belongs to an economically well to do family. She lived in a very good palatial house. The family owns a Car. The family members are highly educated. Latha was a 22 year young girl at the time of application received a loan amount of Rs.60,000 under the PMRY Scheme. The proposal was to set up a store selling Fancy goods in the town. The unit was established and was functioning for two years. She had paid an advance amount of Rs.30,000 to the Shop owner and was paying regular rent. Further, she invested Rs.30,000 towards setting up the business. She has repaid an amount of Rs.16,000 out of her profits. But meanwhile she got married and the unit is now closed. The Bank is unable to recover the loan amount. Presently, she is settled in Australia with her husband. The family members are not interested in running the unit and it was left to the decision of their daughter who sold it and she has taken the responsibility of paying the loan. This is also a clear violation of the PMRY guidelines as observations highlight that she came from a sound economic background. The mistake was not only in sanctioning the loan but also in obtaining a surety.

7.5. Field Observations

Our team visited all the three districts and held meetings with officials, bank staff and beneficiaries. The discussions included formal discussions as well as informal chats with these individuals. The informal chats reveal a lot of intricate points, but these cannot be generalized like case studies. However, care has to be taken while devising policies keeping these points in sight.

7.5.1. Selection of the Beneficiaries

The income of the beneficiaries was far above the stipulated income limit eligibility specified by the PMRY guidelines, but knowing fully well the guidelines they reported only the stipulated income. The beneficiaries were economically well-off as they possessed assets like large own house, four-wheeler, all types of durable goods. Some of the beneficiaries received benefits to improve the business that the family was running. Nonetheless, the poor unemployed youths dominated the group of beneficiaries; hence, the scheme has lived up to its intended results to a large extent. Nonetheless the beneficiaries from low-income groups were more harassed especially at the doorstep of the bank manager. For instance, an Auto was seized, as the beneficiary had not paid 2 installments on time, resulting in paralyzing the beneficiary and also recovery of loan, but at the same time another beneficiary with a palatial house and owner of a car was not even served a notice. Beneficiaries belonging to the low-income group were granted loan with the usual procedural delays. It is strange to observe that during the recovery of loans the bank managers charged the beneficiaries for their travel and visits.

7.5.2. Procedures and DIC

Potential beneficiaries approach the DIC in order to procure the application form. However, as they are generally not aware of preparing a project proposal, they request someone around to help them. An amount of Rs.50 to Rs.200 is paid to this person who refers to the previous proposal formats and fills up the application for the candidate. The demand for getting loans is quite high, for example – if the target is 600 applications to be sanctioned, the applications received at DIC will be well above 3,000. After the application is submitted, another person collects Rs. 10 to 15 to get the follow up information about the status of the application and interview. In addition to this, at times, the touts are given bribe to consider his application for getting an interview. After receiving the interview card, the candidates approach the political leader/ *social worker* to recommend their cases to the Banks. Recommendatory letters are procured and produced in many cases, and this information is not hidden. Beneficiaries tell that the banks and other officers do not endorse this.

Three important impediments dog the implementation process. First, the political indulgence plays quite a crucial role in the process. The influence of the local leaders or their acquaintance plays a major role in persuading the official machinery and getting the loan sanctioned. At the same time, the local leadership also plays a negative role by misleading the beneficiaries not to repay. Such type of political intervention was witnessed at various levels. Second, fictitious documents are submitted along with the loan application and scrutiny is not done in influential cases. Producing forged income certificate is done with understanding between officers and the beneficiaries. The income shown on the certificates does not tally with the economic background observed during the visits as these beneficiaries live in palatial houses and have all luxury durables in the house, but record an income of less than Rs 40,000. Third, loans are given to unmarried young women that remain mostly un-recovered as a majority of the beneficiaries get married and move out.

Most of the beneficiaries are not aware about the subsidies and other details. The subsidy amount is usually deducted from the amount to be repaid. Beneficiaries are not clear about the transactions made; rather they are not kept informed. Subsidy is adjusted after complete payment of loan, i.e., after the closure of the account, hence the beneficiaries do not have a clear picture about the subsidy. They would like to have the subsidy at the time of disbursement of loan.

Each segment in the chain blames the other, DIC blames the Banks about undue delay and under-financing, Banks blame the DIC for recommending unviable projects and the Beneficiaries for lack of talent and skills while the Beneficiaries blame the Banks and at times DIC (for being corrupt and considering applicants having influence).

7.5.3. Bankers the Weak Link

Our experience and discussions in the field reveal that bank is the weakest link in the entire chain. If at all the programme becomes unsuccessful, the major responsibility lies with the bankers. There are five important aspects on which the banks tend to under-perform. First, the DIC would have recommended a specific amount as proposed by the beneficiary in the project proposal but the banks sanction far less than the amount recommended. This immobilizes the beneficiaries largely due to lack of sufficient funds. In some cases, bankers harass the beneficiaries by delaying them the second installment. Managers have attitude problems that beneficiaries do not repay loans taken under government-sponsored schemes and instead they prefer to lend privately. Preconditions of loans are decided by the Bank Managers and there is no specified guidelines which help the manager to act according to his whims. For instance, to establish *chakli* preparation unit (rice preparation), a woman insisted that she would prefer to use a small room in her house but the bank manager decided that unless a separate room is built the loan would not be sanctioned which the beneficiary felt was a burden. But the bankers feel that the loan amount should be limited and should be left to the Bank's judgment. Managers of the banks expressed that PMRY serves willful defaulters and a few even told that these schemes should be abolished. This is despite the fact that the banks insure the loans.

Second, it is expected that the loan should be disbursed in one installment but bankers disburse it in more than two installments, which staggers the business of the beneficiary. A majority of the cases recommended by the DICs is based on working capital but fixed capital-oriented cases are very few in numbers. Bankers prefer to choose the cases where only working capital is involved as it is very difficult to recover the amount if the fixed investment fails to yield. We also came across cases of harassment through procedural delays forcing the beneficiaries to make umpteen trips to the banks.

Third, there are instances where the understanding between the suppliers of the goods to the beneficiaries and the banks compel the beneficiary to spend more. Further, the goods delivered to the beneficiaries by these bank-sponsored suppliers are of low quality and end up as junk very early, thereby pushing the beneficiary into losses. Fourth, banks do not consider repayment drive as their responsibility. For them the security of loan is important and they insist upon at least third party surety. This is, however, done very selectively. Actually, the banks provide the loans focusing mainly on loan recovery. The bank manager keeps in view the recovery of loans and hence, concentrates on the high and middle-income groups of beneficiaries. The managers are reluctant to accompany the DIC officials for recovery, and if they undertake the drive the harassment of the beneficiary is inversely related to the income status of the beneficiary.

Lastly, the data on PMRY are not maintained properly in many bank branches. It is virtually in shambles. The managers are reluctant to provide the data for some unknown fear, and invariably tell data seekers to come after some time. At times, 8-10 visits have also not yielded any data despite instructions from the RBI and the bank's head office. They prefer the schemes that are largely handled by well-to-do rural elites and invariably refer to those cases as successful ones.

7.5.4. About Training Institutions

Training is one of the important requisites of the scheme. But the experience is not very encouraging. Some of the beneficiaries exempt themselves from training because they have political influence. Training institutions are not motivated as PMRY is a government scheme. It is routinely performed and most of the beneficiaries trained at particular institutions are failures mainly due to poor imparting of proper skills. It is interesting to know that some of the beneficiaries who availed loans for rearing livestock had also undergone training, even though they were traditional dairy farmers. RUDSET, a training institution run by Dharmasthala Manjunatha Temple Trust, is outstanding in its performance. A majority of the beneficiaries trained here have been successful entrepreneurs. The trainings imparted in this Institution is intense as the beneficiaries have to reside in campus. Spot training and practical experience are given more focus. Boarding and Lodging are taken care free of cost. Recovery rate is also good for the beneficiaries trained here due to effective training, high literacy levels and NRI influence.

7.6. Suggestions

- Increase the overall targets for PMRY in States to provide self-employment but it is to be observed that allocations are in proportion to unemployment rates. This also needs to be carried to the district level.
- Recovery drive to be strengthened through awareness programmes but in the case of non-recovery due to genuine reasons, repayment to be rephased
- Processing of loan applications has been target-specific with scant attention to the needs. The targets are fixed not with any rationale behind it. Emphasis has to be on the potential beneficiaries belonging to SC/STs and women.
- A few Banks have suggested that the higher income limit for the household income. These banks belong to the Udupi district, which is largely well developed in banking activities. The per capita income of the household in the district is also high in this district compared to other two study districts. This suggests that the differential

household incomes criterion could be prescribed in different districts, depending upon the levels of development of the district.

- The beneficiaries also felt that the existing income limit is too high. This helps higher income groups also to avail loan. In order to prevent higher income bracket households, there is need of lowering the income bracket from the existing Rs.40, 000 to 20,000 0r 36,000. This will facilitate more poorest among the poor can apply the loan.
- All the stakeholders of the scheme are in favour of changing the present educational qualifications. The requirement for eligibility of at least 10^{th} standard pass was suggested. They feel that with SSLC background, the prospective entrepreneur can understand the training programmes better and would be able to run the unit efficiently than the less qualified persons. Therefore, it is appropriate to change the educational qualification from the present 8 th standard pass to 10 th standard pass.
- The DICs and Bankers have favored the involvement of NGOs, mostly for identification of beneficiaries and recovery of loans. Therefore, the NGOs could be involved in identification of genuine beneficiaries and to motivate the beneficiaries in repaying the loans
- The DICs and the bankers have also indicated necessity of training. At the same time they are not in favour of training to the entrepreneurs, who opt for business activities. In view of this, it is better not to impose compulsory training for the entrepreneurs with business proposals.
- Industrial sector must receive priority as one beneficiary in this sector will create employment for a few others with spill-over effect. But not many avenues are explored in this sector, therefore, model projects be prepared in each district on successful local activities based on which banks could release the finances.
- PMRY schemes should be widely popularised through newspapers and with the help of NGOs.
- The question of age limit was answered by many and there were a large differences among the opinions. However, the beneficiaries seem to converge on 18-40 age group.
- The beneficiaries have largely felt need of raising both the minimum age and the maximum age. In view of this, it would be better to change the existing age

bracket from 18-35 to 20 to 45 years. This will enable many unemployed and potential age groups who can apply for the loan.

- Strengthening the training institutions will go a long way in modifying the scheme, where training should be based on locally important enterprises. Livestock (with one or two animals) rearing does not require any training.
- The selection of training Institutions is now vested with the State Directorate of Industries without consulting the DICs. The DIC staff expressed unhappiness with this. Therefore DIC should be consulted before selection of training institutions or they could be given freedom to select proper training institutions in a nearby location.
- It is necessary to streamline the process and fix the responsibilities in order to avoid local influence.
- It is very important to inculcate some commitment to duty among the bank staff. At times it becomes necessary to tell them that while processing the loan application or discussing with the beneficiaries they are performing their work and not providing any favour to the beneficiaries. In the first place the bank managers have to be polite in dealing with the beneficiaries and make them comfortable while understanding their problems.
- Interest should be charged only after the unit starts functioning, which would help the beneficiaries to repay properly. In case of genuine default, a case by case review should be taken up by the banks to revive the enterprise rather than mechanically concentrating on recovery alone.
- Number of bank branches are not many in Raichur because non-performing banks are more (more Non-performing assets). An account is considered as non-performing when the loan is not paid for three months from the due date. If further delayed, the bank will term the account as `written-off' account amounting to loss. Follow-up after written-off accounts is usually not undertaken. Up to 80 per cent of the accounts come under this category. These non-performing accounts and written-off accounts are not known, as the questionnaire does not cover these aspects. Banks/DIC must try to get these beneficiaries back into work by revitalizing their enterprises.

- Training should be focused more on skill development than accounting and general trade practices.
- The DIC and the bankers are concerned about the non-repayment of loans. They felt that training is needed to motivate beneficiaries to repay the loans. The training institutions should be informed to incorporate some of the related topics. The need for repayment discipline should be emphasized during training schedule.
- The selected candidates enter the training programme and spend up to Rs.3,000 during the training period. Training does not assure the candidates of loans. Since the candidates can be rejected after training, about 30 per cent of them lose money on account of training and this does not necessarily enhance their skills.
- Scrutiny of the projects should be properly done to make sure that there is demand for the proposed product or services in the market before sanctioning the loan. This will help minimize the number of cases dropping out after the sanctioning of loan by the participating bank.
- The estimate of investment for the PMRY units needs careful attention as more than half of the beneficiaries reported that they had to mobilize additional funds for investment in the unit.
- Banks and DIC officials should assist the beneficiary to start the unit at the earliest and supervise the activity at least at the beginning so that funds are not diverted for some other purposes.
- Banks and DIC need to develop some package to assist the beneficiary owners of the closed units to revive closed or defunct units.
- Most of the units/ventures financed under PMRY are owned individually. DIC and banks should make efforts to promote partnership ventures.
- Banks should interact periodically with the beneficiaries. This would help keep constant watch on the happening and state of affairs in the unit and improve the rapport between the bank and the beneficiary. This, in turn. would also facilitate better recovery of bank loans.
- Self-employment venture provides opportunities of gainful employment not only to the beneficiary but also to his family members as well as casual/regular wage labourer and hence, has good potential for increasing employment and alleviation of poverty.

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