10

nisiet
BIG IDEAS FOR SMALL ENTERPRISES

A worldwide interface for SME studies

Sedme

Volume 31 Number 2 June 2004

Small Enterprises Development, Management, and Extension Journal

Sedme is nisiet's academic platform for analytical and research-based studies on SME issues

31st Year of Publication

CONTENTS

IMPACT OF THE PRIME MINISTER'S ROZGAR YOJANA (PMRY) SCHEME IN ANDHRA PRADESH

D. Chennappa*

Indian economy has been facing challenges with regard to unemployment and economic growth. By and large, unemployment in India is structural in organised sector. During the past five decades, population of India has grown at an alarming rate of around 2.2 per cent per annum, whereas employment opportunities have not been increased correspondingly due to slow economic growth. However, the removal of unemployment has been a proclaimed objective of Indian economic plans. The problem of unemployment is perceived to be conflicting with the economic growth. Though with degrees of difference, every Five-Year Plan focused its attention on the removal of unemployment.

Employment generation to meet the backlog of the unemployed sections and new additions to the labour force are challenging tasks. The increasing diversification of the economy together with acceleration in economic growth causes structural changes in the nature of the job market. Higher economic growth in the recent past has been more capital intensive, and it may have resulted in low labour employment intensity. The pattern of economic growth in the capitalistic countries is causing an increase in poverty among the working population. The rapid technological orientation is widely regarded as a primary cause of unemployment.

Further, the most alarming form of unemployment today is educated unemployment. Its prevalence is omnipresent, because rural as well as urban sector is facing the drain in resources. The educated unemployed represent the intellectual section of the society and their frustration and discontentment may result in political instability as well as an atmosphere of pessimism and loss of confidence in the Government.

While the economic policies of the country continued to undergo changes in the form of shifting the focus from economic growth to employment or *vice-versa* in accordance with the changing needs of the society over a period of time, the mounting pressure of unemployment, particularly educated unemployment compelled the Governments to

* D.Chennappa is an Associate Professor of Commerce at Nizam College, Osmania University, Hyderabad.

undertake special employment programmes under different heads. These special employment programmes are mostly supplementary to the main Five Year Plans.

Further, to mitigate unemployment problem in educated youth, both the Central and State Governments also implemented some special schemes. Among these, an important scheme, exclusively meant for educated unemployed youth, is "Self Employment for Educated Unemployed Youth" (SEEUY) Scheme introduced on August 15,1983. The main objective of the scheme was to encourage the educated unemployed to undertake self-employment ventures in Industry, Service and Business sectors using the provision of financial packages. The scheme covers all educated unemployed youth who have the qualifications of matriculation and above and are within the targeted age group of 18-35 years, and since 1999-2000 year onwards, even the candidates with 9th class passed and are up to 40 years age have been eligible. The District Industries Centre (DIC) in consultation with the "Lead Bank" of the district functions as the Nodel Agency for the implementation of the scheme. The banks provide a composite loan to the eligible candidates. Having introduced the New Economic Policy in 1991, the Government introduced the Prime Minister Rozgar Yojana (PMRY) Scheme on October 2, 1993 with new strategies and subsumed the SEEUY scheme into PMRY scheme from 1994-95 onwards.

And a period of about nine years has passed since the date of commencement of the scheme (PMRY). In this context, the present study aims at evaluating the working of self-employment schemes for educated unemployed youth, particularly PMRY scheme, at a micro level choosing three districts of the Telangana region in Andhra Pradesh as a case study.

OBJECTIVES OF THE STUDY

i) To make an analytical study on the implementation of the PMRY scheme in the selected three districts of Telangana region of Andhra Pradesh and its impact on income, employment generation, asset creation and new entrepreneur development.

HYPOTHESES OF THE STUDY

Against the perceived objectives of the scheme of PMRY, and the objectives of the study, the following hypotheses, considered relevant in this context, are formulated.

i) There has been a positive impact of the PMRY scheme on income, employment and asset creation of the beneficiaries.

ii) The impact of the PMRY scheme is not similar between Industrial, Services and Business sectors.

iii) The performance of the scheme would be better in developed districts when compared to developing and backward districts.

iv) The performance of the industrial ventures in terms of asset creation, employment and income generation would be relatively better when compared to business and service sectors.

v) The scheme promotes a new class of entrepreneurship.

SCOPE OF THE STUDY

Though the study is on "Working of self-employment schemes for Educated Unemployed Youth", it mainly focuses on the working of "Prime Minister Rozgar Yojana (PMRY) scheme. It is an empirical investigation. The study is confined to the three selected districts, namely, Ranga Reddy, Nalgonda and Mahabubnagar districts in the Telangana region of Andhra Pradesh. Of these three districts, Ranga Reddy district is developed, Nalgonda district is developing and Mahabubnagar district is backward on the basis of their demographic characteristics and employment situation.

This is a micro study based on inductive analysis. For this purpose, the units that received assistance are selected through a stratified random sampling method, to enable the researcher to draw inferences over the entire functioning of the PMRY Scheme with regard to income, employment generation and asset creation in the area covered by the study.

METHODOLOGY

Sources of data

The data were collected both from primary and secondary sources. The primary data have been collected from three districts of Telangana region in Andhra Pradesh. The situation in the three districts with different levels of development was expected to indicate the impact of the PMRY scheme in the area of the study with varying levels of development. In each district, 6 Mandals were selected by using the random sampling method. The Mandals selected were:

	Ranga Reddy	Nalgonda	Mahabubnagar
Urban	Balanagar Rajendra Nagar Secunderabad	Nalgonda (Town) Miryalaguda Suryapet	Mahabubnagar (Town) Wanaparthy Gadwal
Rural	Semshabad Vikarabad Pargi	Atmakur Choutuppal Narketpalli	Makthal Achampet Nagar Kurnool

In the three districts, 150 beneficiaries were chosen through the random sampling method and the total number of sample adds up to 450. The data were collected from each beneficiary with the help of a structured schedule and it was pre-tested before use. The schedule sought information, besides the socio-economic characteristics of the beneficiaries, on training, role of the banks, role of the DICs, functioning of the units, impact of the scheme through income, employment generation, asset creation, problems faced by the beneficiaries and post-loan situation of the units.

The secondary data were collected from the following sources of Central and State Government organisations: Development Commissioner, Small Scale Industries, New Delhi, Planning Commission, New Delhi, Commissionerate of Industries, Government of Andhra Pradesh, Hyderabad, General Manager- District Industrial Centre, Ranga Reddy, General Manager, District Industrial Centre, Nalgonda, General Manager, District Industrial Centre, Mahabubnagar, Directorate of Employment and Training, Government of Andhra Pradesh, Hyderabad, Directorate of Census Operation, Government of Andhra Pradesh, Hyderabad, First to Ninth Five Year Plan Documents, Planning Commission, Government of India, New Delhi, NSSO, 55th round "Employment and Unemployment-key results", Ministry of Statistics and Programme Implementation, Government of India, Kolkatta, December 2000 and Head Office of Andhra Bank (i.e. the lead bank), Hyderabad.

Selection of the Sample

For studying the impact of the PMRY Scheme, structured schedules were separately prepared for beneficiaries. A total of 150 beneficiaries were chosen in each of the three districts in the Telangana region of Andhra Pradesh on the basis of the stratified random sampling method. The strata were selected by giving equal importance to variables like rural and urban; male and female; new and old units and Industry, Business and Service sector wise in each of six Mandals from each district for adequate representation. Moreover, the beneficiaries were approached personally by the researcher with a structured schedule. Hence, the results were expected to be reliable.

Period of Study

The study covers a period of seven years of the functioning of PMRY Scheme. Accordingly, the period of study is from 1993-94 to 2001-2002, the year 1993-94 being the year of introduction of the Scheme.

Statistical tools used

Depending upon the necessity, tables, graphs and charts were used and supplemented with sophisticated statistical tools such as Co-efficient of Correlation (r), Co-efficient of Regression, Chi-square test, t-test and ANOVA, and the data were processed through FOXPRO and Excel packages in the computers.

LIMITATIONS OF THE STUDY

The limitations of the study basically emanate from the limitations of data, which are appropriately explained in detail in each chapter. However, a broad outline is given below.

1) The study was based on the primary data collected from the various parts of the three districts-Ranga Reddy, Nalgonda and Mahabubnagar and supplemented with the secondary data. Hence, the inductive analyses emanate from the data collected mainly from the three districts. Hence, interpretation holds good for those districts only though generalisation can be made for other districts, too.

An attempt is made in this paper to assess the impact of the scheme on the beneficiaries with reference to their investment, income level, employment generation, and asset creation. This aspect is presented in section I, and the hypotheses formulated are tested in section II.

INVESTMENTS UNDER THE SCHEME

An analysis of investments made under this scheme representing bank loan, Margin Money and additional borrowings committed by the beneficiaries has been attempted with reference to the sectors of activity and the districts covered by the sample study.

Investment size sector-wise

At the outset, the beneficiaries were asked to state their investment size and their responses are as follows: for 450 sample beneficiaries in all the three districts, a total amount of Rs.378.33 lakh was released as loan for the establishment of the self employment ventures at an average investment of Rs.84, 073 per venture. Of this, a sum of Rs.115.91 lakh forming 31 per cent was released at an average of Rs. 77,276 per venture in Ranga Reddy district. Further, a sum of Rs.143.74 lakh forming 38 per cent was disbursed at an average of Rs. 95,830 per venture in Nalgonda district and a sum of Rs.118.67 lakh forming 31 per cent was disbursed at an average of Rs. 79,114 per venture in Mahabubnagar district. The loan amount disbursed for the establishment of Industrial ventures was of the order of Rs.45.35 lakh forming 12 per cent of the total; the loan amount released for business venture was Rs.220.44 lakhs forming 58 per cent of the total. The amount released for service sector was Rs.112.53 lakh forming 30 per cent.

Out of amount of Rs.378.33 lakh of total project cost, Rs.247.57 lakh was released as loan to the sample beneficiaries by the banks. Out of the remaining Rs.130.75 lakh, Rs.42.98 lakh was deposited by the beneficiaries as a Margin Money in the bank (5% of the project cost), and an amount of Rs.87.77 lakh was brought by the beneficiaries as their own contribution. The total additional amount invested by the beneficiaries was Rs.130.75 lakh, with an average of Rs.29, 057 per unit, which worked out to 34 per cent of the total investment. The additional investment made by the beneficiaries in Nalgonda district was the highest, around 41 per cent, while it was around 31 per cent in Mahabubnagar district and only 29 per cent in Ranga Reddy district. This undisputedly demonstrates the resourcefulness and the progressive nature of the beneficiaries in the developed district of Ranga Reddy where the maximum benefits were derived from the Government programme with ease and the lowest personal contribution. It could also be argued that the persons in the developed areas were generally more careful and act in a planned manner and stick to their original project costs rather than allow the costs to escalate without check.

The average investment made per unit in the selected districts was Rs. 84,073 and it was noticed to be the highest in Nalgonda district with Rs. 95,830 and the lowest in Ranga Reddy district with Rs. 77,276, and it was Rs. 79,114 in Mahabubnagar district. The average amount of investment per unit was naturally the highest in respect of an Industrial venture in all the three districts. The investment per venture between Industrial unit and the other two types viz., Business and Service sectors varied from district to district.

In all the three districts, the average investment in Industrial sector was Rs. 96,495 per unit, whereas in each district it was above average as noticed in Nalgonda district with Rs. 1,17,662 per unit. It was followed by Ranga Reddy district with Rs. 1,01,400 per unit, but less than the average per unit was noticed in Mahabubnagar district with Rs. 77,285. The average investment in Business sector of the three districts was Rs. 87,478. Further, inter-district comparison revealed highest average investment in Nalgonda district with Rs. 1,04,296, while Mahabubnagar and Ranga Reddy districts recorded less than the average investment with Rs. 78,122 and Rs. 76,091 respectively. The average investment in the Service sector was Rs. 74,512, which was lower than that of Industrial and Business sectors. The average investment per unit was highest in Nalgonda district with Rs. 81,168, while investment per unit was lower than the average investment in Ranga Reddy district with Rs. 70,688 and in Mahabubnagar district with Rs. 68,887/-.

It can be, therefore, stated that average investment was Rs. 84,073 per unit and it was highest in developing district of Nalgonda with Rs. 95,830 per unit.

Table-1.1

Distribution of sample units by investment wise and sector wise in the selected districts

(Amount in Rs.)

Dist. / Activity	Ranga Reddy				Nalgonda				Mahabubnagar				Total			Grand Total (Rs.)
	Bank (Rs.)	MM (Rs.)	OC (Rs.)	Total (Rs.)	Bank (Rs.)	MM (Rs.)	OC (Rs.)	Total (Rs.)	Bank (Rs.)	MM (Rs.)	OC (Rs.)	Total (Rs.)	Bank (Rs.)	MM (Rs.)	OC (Rs.)	
I	11,03,100 (78752)	76,678	2,39,820 (17%)	14,19,598 (1,01,400)	9,19,318 (65,665)	5,84,773	1,43,182 (9)	16,47,273 (117662)	11,07,000 (58,368)	94425	267000 (18%)	14,68,425 (77285)	3129418 (66503)	755,876 (16,082)	6,50,002 (13830)	45,35,296 (96495)
B	50,29,845 (54,084)	5,09,361	15,93,090 (22%)	71,32,296 (76,691)	40,97,272 (56,127)	6,57,274	28,59,090 (37)	76,13,636 (1,04296)	4738500 (55098)	580230	1980000 (27%)	72,98,730 (78122)	13865617 (55022)	17,46,865 (6932)	54,32,180 (25524)	220,44,662 (87478)
S	20,67,474 (50,547)	2,35,511	7,36,590 (24%)	30,39,575 (70,688)	34,15,904 (54,220)	13,51,141	3,46,590 (7)	51,13,635 (81,168)	2278925 (50,642)	2,09,321	6,11,700 (20%)	30,99,946 (68887)	7762303 (51405)	1795973 (11893)	16,94,380 (11224)	11253156 (74512)
Total	82,00,419 (54,669)	8,21,550 (5477)	25,69,500 (17130)	115,91,469 (77276) (31%)	84,32,494 (56216)	25,93,188 (17287)	33,48,862 22,325	143,74,544 (95,830) (38%)	81,24,425 (54162)	883976 (5893)	28,58,870 (19059)	118,67,101 (79114) (31%)	24757338 (55016) (66%)	42,98,714 (9552) (11%)	8777062 (19504) (23%)	378,33,114 (84073) (100)

Source : Primary data.

MM = Margin Money; OC = Own Contribution

I = Industry; B = Business; S = Service.

Figures in brackets are averages and percentages to the total

And it was lower than the average investment per unit with Rs. 77,276 in developed district (i.e., Ranga Reddy). Similarly, average investment of Rs. 79,114 per unit was noticed in Mahabubnagar District (backward). This indicates there is an overwhelming response from the beneficiaries of developing district of Nalgonda.

The proportion of bank loan per unit in all the three districts was 65 per cent, whereas it was 69 per cent for Industrial sector, 68 per cent for Service sector and 62 per cent for Business sector. Inter-district comparison reveals that the proportion of bank loan below average was registered in Nalgonda district (i.e., 58 per cent), whereas it was 68 per cent in Mahabubnagar district and 65 per cent in Ranga Reddy district.

An analysis of sector-wise bank loan in the three districts revealed that it was 77 per cent in Industrial sector of Ranga Reddy district, followed by Mahabubnagar district with 75 per cent. Further, 55 per cent of the bank loan in the total investment in the industrial venture was noticed in Nalgonda district. The banker's share was 70 per cent in business sector of Ranga Reddy district, whereas it was 64 per cent in Mahabubnagar district and 53 per cent in Nalgonda district. Similarly, the share of the banks in service sector is 73 per cent in Mahabubnagar district and 68 per cent each for Ranga Reddy and Nalgonda districts.

From the above analysis, it can be stated that the proportion of bank loan for industrial unit was highest in Ranga Reddy district (i.e., 77 per cent), the average investment per unit in industrial sector was highest in Nalgonda district with Rs. 95,830. Thus, it can be stated that the contribution of the candidates was very high in Nalgonda district, whereas it was less in the Ranga Reddy district.

Size of investment

. The distribution of sample units according to their size of investment and activity wise has been presented in Table-1.2. It can be observed from the table that there was proliferation of units in the investment sizes of Rs. 25,001 to Rs. 50,000 and Rs. 50,001 to Rs. 75,000. There were only 10 units with an investment of more than Rs.1 lakh. In particular, there was the domination of units in the investment size of Rs. 25,001 to Rs. 50,000.

Table-1.2

Distribution of units by investment size wise and sector wise in the selected districts

(Amount in Rs.)

Investment Range	Ranga Reddy				Nalgonda				Mahabubnagar				Total			Grand Total
	I	S	B	Total	I	S	B	Total	I	S	B	Total	I	S	B	
Upto Rs.25,000	2 (10) 14%	7 (33) 16%	12 (57) 13%	21 (100) 14%	2 (29) 14%	5 (71) 8%	0	7 (100) 5%	1 (6) 5%	7 (41) 15%	9 (53) 10%	17 (100) 11%	5 (11) 11%	19 (42) 13%	21 (47) 8%	45 (100) 10%
25001-50,000	4 (7) 29%	14 (24) 33%	41 (69) 44%	59 (100) 39%	11 (15) 79%	26 (36) 41%	36 (49) 49%	73 (100) 49%	10 (14) 53%	18 (24) 40%	45 (62) 52%	73 (100) 48%	25 (12) 51%	58 (28) 38%	122 (60) 47%	205 (100) 46%
50,001-75,000	4 (9) 29%	14 (32) 33%	26 (59) 28%	44 (100) 29%	1 (2) 7%	20 (48) 32%	21 (50) 29%	42 (100) 28%	3 (11) 16%	13 (46) 30%	12 (43) 14%	28 (100) 19%	7 (6) 15%	47 (42) 31%	59 (52) 22%	113 (100) 25%
75001-1,00,000	2 (10) 14%	6 (30) 13%	12 (60) 13%	20 (100) 14%	-	12 (49) 19%	16 (51) 22%	28 (100) 18%	3 (11) 16%	7 (25) 15%	18 (64) 21%	28 (100) 19%	6 (8) 15%	25 (32) 16%	46 (60) 17%	77 (100) 17%
Above Rs.1 lakh	2 (33.3) 14%	2 (33.3) 5%	2 (33.3) 2%	6 (100) 4%	-	-	-	-	2 (50) 10%	-	2 (50)· 3%	4 (100) 3%	4 (40) 8%	2 (20) 2%	4 (40) 6%	10 (100) 2%
Total	14 (9) 100%	43 (29) 100%	93 (62) 100%	150 (100) 100%	14 (9) 100%	63 (42) 100%	73 (49) 100%	150 (100) 1005	19 (13) 100%	45 (30) 100%	86 (57) 100%	150 (100) 100%	47 (10) 100%	151 (34) 100%	252 (56) 100%	450 (100) 100%

Source: Primary data

I = Industry Sector
S = Services Sector,
B = Business Sector
Figures in brackets are percentage to the total

Inter-district comparison revealed that more number of units with investment range of Rs. 25,001 to Rs. 50,000 were noticed in Mahabubnagar district and Nalgonda districts. And in Ranga Reddy district, it was spread from Rs. 25,001 to Rs. 75,000. Thus, these units were under financed units (units with investment less than the requirement). Hence, it can be stated that the most of the units were "TINY" units (i.e. investment in plant and machinery was less than Rs.5 lakh).

An analysis of size of investment and nature of units revealed that an amount of Rs.25,001 to Rs 50,000 was invested by industrial units in Mahabubnagar and Nalgonda districts, whereas similar industrial units needed an investment of Rs 25,001 to Rs 75,000 in Ranga Reddy district. Further, the investment exceeding Rs.1 lakh in 2 units each was noticed in Ranga Reddy and Mahabubnagar districts. In service sector, the range of investment was Rs. 25,001 to Rs. 75,000, whereas in business sector, it was Rs. 25,001 to Rs. 50,000 in all the three districts. It shows that some of the beneficiaries invested more than the credit sanctioned to them by the banks. The additional investment was mobilised either from their own-funds or by resorting to borrowing.

Additional borrowings

The data pertaining to the additional borrowings made by the beneficiaries are presented in Table-1.3. Table-1.3 shows the activity wise distribution of units, which resorted to additional borrowings. It can be observed that all most all units resorted to additional borrowings. Out of 450 sample units, 53 per cent borrowed money up to Rs. 20,000, 23 per cent up to Rs. 10,000, 11 per cent up to Rs. 30,000, 8 per cent units up to Rs. 40,000 and 3 per cent up to Rs. 50,000. The remaining 11 beneficiaries (2 per cent), however, borrowed the amount more than Rs. 50,000 from outsiders.

An inter-district comparison shows that 85 per cent of the units borrowed the amount up to Rs. 20,000 in all sectors in Ranga Reddy district. Similarly, it was 71 per cent in Nalgonda district and 72 per cent in Mahabubnagar district. A sum of more than Rs. 50,000 was borrowed by 3 units in Ranga Reddy district and 2 units each in districts of Nalgonda and Mahabubnagar.

TABLE-1.3

Range of additional borrowings by the sample beneficiary's activity wise in the selected districts

Additional borrowing (Rs)	Ranga Reddy				Nalgonda				Mahabubnagar				Grand Total (Rs.)
	I	S	B	Total	I	S	B	Total	I	S	B	Total	
Upto Rs.10,000	0	11 (48) 26%	12 (52) 13%	23 (100) 15%	8 (20) 57%	16 (40) 25%	16 (40) 22%	40 (100) 27%	6 (15) 31%	15 (36) 34%	20 (49) 23%	41 (100) 27%	104 23%
10,001-20,000	9 (9) 64%	25 (24) 58%	70 (67) 75%	104 (100) 70%	6 (9) 43%	30 (45) 48%	30 (46) 41%	66 (100) 44%	8 (12) 42%	16 (24) 36%	43 (64) 50%	67 (100) 45%	237 53%
20,001-30,000	0	4 (44) 9%	5 (56) 6%	9 (100) 6%	-	10 (50) 16%	10 (50) 14%	20 (100) 13%	3 (17) 16%	9 (50) 21%	6 (33) 7%	18 (100) 12%	47 11%
30,001-40,000	2 (25) 14%	3 (37) 7%	3 (38) 3%	8 (100) 5%	-	3 (25) 5%	9 (75) 12%	12 (100) 8%	-	3 (17) 6%	15 (83) 18%	18 (100) 12%	38 8%
40,001-50,000	0	0	3 (100) 3%	3 (100) 2%	-	2 (20) 3%	8 (80) 11%	10 (100) 7%	-	0	0	0	13 3%
Above 50,000	3 (100) 22%	0	0	3 (100) 2%	-	2 (100)	-	2 (100) 1%	2 (33.3) 11%	2 (33.3) 4%	2 (33.3) 2%	6 (100) 4%	11 2%
Total	14 (10) 100%	43 (27) 100%	93 (62) 100%	150 (100) 100%	14 (9) 100%	63 (42) 100%	73 (49) 100%	150 (100) 1005	19 (13) 100%	45 (30) 100%	86 (57) 100%	150 (100) 100%	450 100%

Source: Primary data

Figures in brackets are percentage to the total

I = Industry; S = Service; B = Business

An analysis of additional borrowings with nature of venture shows that additional borrowings in Industrial sector in Ranga Reddy district registered Rs. 10,001 to 20,000.Similarly, in Nalgonda district it was up to Rs. 20,000 and further in Mahabubnagar district it was Rs.20,000 to 30,000. It was observed that 2 Industrial units in Mahabubnagar district and 3 in Ranga Reddy district borrowed more than Rs. 50,000 from outsiders.

Sources of additional borrowing

The contribution of the beneficiary was normally expected to be brought in by the beneficiary from his own personal sources. However, due to under financing by the banks and heavy competition in the market, beneficiaries made additional borrowings. With regard to this, the beneficiary was asked to mention the source from which the additional borrowing was brought and his response was presented in Table-1.4.

TABLE-1.4
Sources of additional borrowing in the selected districts

District / Source	Ranga Reddy		Nalgonda		Mahabubnagar		Total	
	No.	%	No.	%	No.	%	No.	%
a) Relatives	33	22	40	27	42	28	115	25.55
b) Friends	38	25	40	27	41	27	119	26.44
c) Outside borrowing	26	17	19	12	18	12	63	14.00
d) Loan from private money Lenders	53	36	51	34	49	33	153	34.00
Total	150	100	150	100	150	100	450	100

source: Primary data

It can be seen from table that in all the three districts, borrowings were mostly obtained from Private moneylenders (i.e. 34 per cent). Friends and Relatives helped the sample beneficiaries to the extent of 26.44 per cent and 25.55 per cent respectively.

Comparison among the three-districts revealed that 36 per cent of the beneficiaries approached private moneylenders in Ranga Reddy district, followed by 34 per cent in Nalgonda district and 33 per cent in Mahabubnagar district. 47 per cent of the additional amount was adjusted by the Relatives and Friends in Ranga Reddy district, while it was 54 per cent in Nalgonda district and similarly 55 per cent in Mahabubnagar district.

From the above analysis, it can be stated that a large number of beneficiaries were resorting to the outside borrowing. This shows the inadequacy of credit sanctioned by the banks. This indicates the need to review the quantum of credit assistance provided to them. Perhaps, the existing system of credit slabs for industry, service and business sectors was not followed by the banks. Bankers might be trying to fulfil the targets rather than the sanctioning the sufficient seed capital.

Economic performance of the sample unit

Economic performance of sample units was examined in terms of capital intensity, working capital intensity and subsidy intensity. Capital intensity indicates total Capital Employed (K) and the Employment Generating (L) ability in the sample unit. The K/L (Capital/ Labour) ratio has been calculated for the sample units in the selected districts. Similarly, Working Capital employed (WC) (WC/L) and Employment Generated (L), and Subsidy (S) sanctioned by the government and Employment Generated (S/L) are presented in Table-1.5.

TABLE-1.5

Economic performance of the sample unit (in Rs.)

Intensity	Ranga Reddy	Nalgonda	Mahabubnagar	Average
i) Capital per worker	60,863	21,480	31,155	37,832
ii) Working capital per worker	9556	3236	7243	6678
iii) Subsidy per worker	3808	2674	3732	3403

source: primary data

An inter-district comparison of Capital Intensity is made in Table-1.5. It shows that the K/L ratio was highest for units in Ranga Reddy district (i.e., Rs. 60,863), followed by Rs. 31,155 in Mahabubnagar district and Rs. 21,480 in Nalgonda district. This indicated that units in the Ranga Reddy district were more Capital Intensive and less Employment Generating. However, they were less Capital Intensive and more Employment Generating units in Mahabubnagar (i.e., 31,155) district. The Nalgonda district falls in between these two extremes. To study the consistency in inter-districts regarding average capital employed per worker since inception of the scheme (i.e., 1993-2000), Co-efficient of Variation (CV) was calculated. The consistent CV value was noticed in Mahabubnagar district, followed by Nalgonda district but high CV value was noticed in Ranga Reddy district. CV value in Mahabubnagar district indicates that the PMRY scheme units would create employment opportunity per person consistently with an investment of Rs. 31,155 since inception of the scheme. Quite significantly, with less capital, more employment opportunities were created in Nalgonda district, whereas there was no consistency in providing employment in Ranga Reddy district. Thus, it shows that there is higher capital intensity with low employment opportunities in Ranga Reddy district.

Working capital per worker was high in Ranga Reddy district (i.e., 9556) and low in Nalgonda district (i.e., 3236), whereas Mahabubnagar district stands in between these two. Similar trend was observed in respect of the subsidy for workers also.

From the above analysis, it can be stated that capital, working capital and subsidy were highest in Ranga Reddy district (i.e., developed district). But low capital, low working capital and low subsidy were noticed in Nalgonda district (i.e., developing district). And with marginal capital intensity, high employment potentiality was noticed in Mahabubnagar district (backward district).

Usefulness of the PMRY Scheme

Perceptions of beneficiaries regarding the usefulness of the PMRY scheme have been presented in Table-1.6. It can be observed from Table-1.6 that out of 450 beneficiaries in entire three districts, 57 per cent felt that this scheme was useful for those who worked hard and earned more money besides leading a team, providing employment opportunities to other and developing entrepreneurial skills. Only 5 per cent expressed that they did not get the job anywhere, hence, this was the only alternative.

An inter-district comparison reveals that, 87 per cent of the Nalgonda district sample beneficiaries felt that, this scheme was useful for educated unemployed. Similarly, 66 per cent opined the same in Ranga Reddy, followed by 64 per cent in Mahabubnagar district. 58 per cent of the Ranga Reddy district beneficiaries opined that, this scheme was helpful to work hard and earn more money. Similar opinion is expressed by 63 per cent and 51 per cent of the beneficiaries in Nalgonda district and Mahabubnagar district.

TABLE-1.6

Perceptions of beneficiaries in the selected districts in respect of usefulness of the PMRY scheme

Results	Ranga Reddy		Nalgonda		Mahabubnagar		Total	
	No.	%	No.	%	No.	%	No.	%
Useful	99	66	130	87	96	64	325	72
Not useful	51	34	20	13	54	36	125	28
Total	150	100	150	100	150	100	450	100
Reasons for usefulness								
A	126	58	100	51	132	63	358	57
B	15	7	6	3	11	5	32	5
C	9	4	6	3	6	3	21	3
D	0	0	22	11	6	3	28	5
AB	32	15	25	13	20	9	77	12
ABC	32	15	30	15	30	14	92	15
ABCD	3	1	8	4	6	3	17	3
TOTAL	217	100	197	100	211	100	625	100

source: primary data

A = Helpful to earn more money if we work hard
B = Lead a team and providing employment to others
C = Developing entrepreneurial skills
D = Did not get job any where, hence this is only alternative
AB = A&B; ABC = A to C; ABCD = A to D.

From the above analysis it can be stated that, most of the candidates used this scheme, earned more money by working hard and were leading a team and by providing employment opportunities to others.

INCOME GENERATION

The most pertinent aspect of the success of a scheme such as the "PMRY" is its impact on income or earnings of its beneficiaries. The importance of employment could be properly understood on the basis of the income it fetches to the employed. A high level of employment, in terms of time or work intensity, has no meaning if it fails to generate income. That is why employment and unemployment are very often measured by the income criterion. In the literature on development economics, poverty and unemployment are generally treated as two sides of a coin. One could realise the fact that the basic spirit behind the self-employment scheme was to encourage the prospective beneficiaries to earn a reasonable amount of income through self-employment. Therefore the validity of this scheme could be judged by the amount of income generated through the activities sponsored by it.

Income levels of pre and post sanctions of the scheme

In order to ascertain the impact of the scheme on income levels of the beneficiaries, the data on income levels at pre and post-loan sanctions of loan under PMRY scheme were collected, and presented in Table-2.1. From Table-2.1 it can be inferred that in the three selected districts, the income levels of the beneficiaries on account of the scheme have generally increased. Out of 450 samples, it was observed that 26 per cent of the sample beneficiaries had no income before starting of the scheme; significantly it came down to 4 per cent after implementation the scheme only. At the same time 5 per cent of the beneficiaries each derived a monthly income of Rs. 2,001-2,500, to Rs. 2,501-3,000 before covering the scheme. Whereas after implementation of the scheme, it has gone up to 12 per cent and 10 per cent respectively. Also 37 beneficiaries forming 8 per cent even began to earn an income of more than Rs. 3,501-4,000 per month. Around 50 per cent of the beneficiaries who had no income started earning monthly income more than Rs.1,501 whereas 4 per cent of the beneficiaries derived no income even after being covered under the scheme. Insignificantly 2 per cent of the beneficiaries have been incurring losses after the implementation of the scheme.

Table-2.1

Distribution of income of the sample beneficiaries pre-loan and post-loan of the scheme in the selected districts

S.No.	Monthly Income (Rs.)	Ranga Reddy		Nalgonda		Mahabubnagar		Total	
		Before	After	Before	After	Before	After	Before	After
1	No income	40 (27)	6(4)	44(29)	7(5)	34(23)	4(3)	118(26)	17(4)
2	0-500	38(25)	29(13)	39(26)	24(16)	33(22)	17(11.33)	110(24)	61(14)
3	501-1000	26(17)	32(21)	23(15)	33(22)	22(15)	24(16)	71(16)	89(20)
4	1001-1500	17(11)	24(16)	14(9.34)	16(11)	17(11)	17(11.33)	48(11)	57(13)
5	1501-2000	4(3)	12(8)	5(3.33)	8(5)	8(5)	16(10.67)	17(4)	36(8)
6	2001-2500	3(2)	10(7)	8(5.13)	18(12)	12(8)	25(16.67)	23(5)	53(12)
7	2501-3000	3(2)	10(7)	7(5)	20(13)	11(7)	15(10)	21(5)	45(10)
8	3001-3500	-	-	3(2)	5(3.33)	3(2)	6(4)	6(1)	11(3)
9	3501-4000	14(9)	20(13)	4(3)	10(6.67)	4(3)	7(5)	22(5)	37(8)
10	4001-4500	-	-	-	-	-	-	-	-
11	4501-5000	-	-	-	-	-	-	-	-
12	Above 5000	5(4)	14(10)	3(2)	6(4)	6(4)	17(11)	14(3)	37(8)
13	Loss	-	2(1)	-	3(2)	-	2(1)	-	7(2)
	TOTAL	150(100)	150(100)	150(100)	150(100)	150	150	150	450

source: primary data

Figures in the brackets indicate percentage to total.

In all the three selected districts, the largest benefit was accessed by the beneficiaries in Ranga Reddy district. Inter-district comparison reveals that no income group fell from 29 per cent to 5 per cent in Nalgonda district whereas it was decreased from 27 per cent to 4 per cent in Ranga Reddy district. Further it decreased from 23 per cent to 3 per cent in Mahabubnagar district. The sample beneficiaries (21 per cent) in Ranga Reddy district derived a monthly income between Rs.501-1,000, whereas the proportion was 22 per cent in Nalgonda district and it was 16 per cent in Mahabubnagar district. Significantly, 16.67 per cent of the beneficiaries derived a monthly income between Rs. 2,000-2,500 in Mahabubnagar district. This scheme is definitely enhancing the beneficiaries' income in all the three districts in the study area. Further activity wise income generation is presented in Table-2.2.

TABLE 2.2

Activity wise average income of the sample beneficiaries in the selected districts

Particulars	Ranga Reddy	Nalgonda	Mahabubnagar	Total
I. Average income per venture (in Rs.)	(Rs)	(Rs)	(Rs)	(Rs)
1. Industry	5,149	6,332	5,734.5	5,738.5
2. Services	3,283.5	5,625	5,140	4,683.5
3. Business	3,288	3,994.5	5,085	4,122.5
4. Total	**3,906.8**	**5,317**	**5,320**	**4,848.0**
II. Rate of Return on investment (in %)				
1. Industry	15.30	10.37	10.18	11.58
2. Services	16.47	9.98	10.77	11.75
3. Business	15.37	13.57	9.95	12.47
Total	**13.99**	**10.57**	**10.18**	**11.34**

Source: Primary Data

It can be observed from the table that the average income earned in all ventures in the three selected districts was Rs. 4,848 per month. The return (net income) on investment (ROI) received by each beneficiary worked out to 11.34 per cent. In all the three districts, the average income was highest in industrial unit with Rs. 5,738.5; the lowest income was noted in business unit with Rs.4,122.5 and service units stand in between at Rs. 4,683. Further, industrial, service and business sector units put together, the highest per beneficiary's average income was Rs. 4,848. Further Mahabubnagar district stands number one in respect of average income per unit with Rs. 5,320 covering all sectors. However, Nalgonda district also performed better than that of Ranga Reddy district with an amount of Rs. 5,317. Whereas Ranga Reddy district has lowest average income per unit in this respect with Rs. 3,906.8.

An activity-wise inter-district comparison indicates that the industrial units have performed better in generating more income (i.e., Rs. 6,382) in Nalgonda district. Whereas it was the lowest in service sector (Rs. 3,238.5) in Ranga Reddy district. Further in the business venture, the average income earned by the beneficiaries in Mahabubnagar district was highest at Rs. 5,085.

To study the relationship between investment and income earned, the rate of return on investment was calculated. It was noticed to be 13.99 per cent in Ranga Reddy district, 10.57 per cent in Nalgonda district and 10.18 per cent in Mahabubnagar district. Further venture wise analysis indicates that service sector yielded the highest rate of return at 16.47 per cent in Ranga Reddy district, while in business ventures it was the lowest at 9.95 per cent in Mahabubnagar district. Thus it indicates that Service sector yielding the highest rate of return was noticed in Ranga Reddy district and in business sector the lowest income earned by the beneficiaries was noticed in Mahabubnagar district. When average income and ROI is compared, it can be seen that the Nalgonda district stands first in Industrial sector units in respect of average income but stands last in respect of ROI. This reveals these units are high investment units with low ROI. Similarly, units in service sector, in Nalgonda district, units in business sector in Mahabubnagar district, stand second and third in this respect. It is only Ranga Reddy district that maintained high rate of return on investment with relatively low average income per unit. It is obviously confirmed that these units are high investment units. Similarly, service sector in (Rs. 5,625) Nalgonda district and Business sector (Rs. 5,085) in Mahabubnagar district are high investment units, whereas in the Ranga Reddy district (developed district), beneficiaries maintained the units with low investment and high rate of return was noticed. Besides, low rate of return with the highest investment was noticed in Nalgonda district (developing district).

Utilisation of income

Particulars in regard to utilisation of income, which was gained from the PMRY units by the sample beneficiaries in selected districts, are presented in Table-2.3.

TABLE-2.3

Utilisation of the income of self-employment scheme units by the beneficiaries in the selected districts

S. No.	Particulars	Ranga Reddy		Nalgonda		Mahabubnagar		Total	
		No.	%	No.	%	No.	%	No.	%
1.	Asset creation	23	16	41	27	14	9.33	78	17.34
2.	Domestic consumption	56	37	80	54	86	57.34	222	49.34
3.	Saving in the bank	15	10	2	1	15	10	32	7.11
4.	Re-investment in the same unit	5	3	16	11	5	3.33	26	5.77
5.	Loan re-payment	41	27	11	7	25	11.66	77	17.11
6.	Investment in other ventures	10	7	-	-	5	3.34	15	3.33
	Total	150	100	150	100	150	100	150	100

source: primary data

It is noted from Table-2.3 that out of 450 sample beneficiaries who derived income from their self-employment ventures, 49.34 per cent felt that their income was utilised for domestic consumption, followed by 17.11 per cent stating that they utilised it for loan repayment and 17.34 per cent opined that they utilised the income for asset creation. 5.77 per cent felt that they re-invested the income in the same unit and the remaining 3.33 per cent invested it on other units.

There is some variation in the utilisation of the income derived from the self-employment ventures among selected districts. In Ranga Reddy district, beneficiaries spent 37 per cent for domestic consumption, 27 per cent for loan repayment and 16 per cent for asset creation. They prefer (7 per cent) investment on other venture than their own venture (i.e., 3 per cent). It would appear that the beneficiaries from Ranga Reddy district are cleverer and cautious which serves as a trait of development because 27 per cent of the beneficiaries retained their income for the purpose of re-payment of loan amount.

In Nalgonda district, 54 per cent of the beneficiaries spent their income for domestic purpose, followed by 27 per cent spent on asset creation. Further, 11 per cent invested in other ventures and the remaining 7 per cent spent for clearing the bank loan. 57.34 per cent of the sample beneficiaries in Mahabubnagar district spent their income on domestic purpose, whereas 11.66 per cent spent for loan re-payment to bank, 9.33 per cent, on asset creation, 3.34 per cent, on investment on other venture rather than investing in the same venture (i.e., 3.33 per cent). Apart from that, saving in the bank was noticed only by 10 per cent of the income by each of the Ranga Reddy and Mahabubnagar districts' beneficiaries, whereas only 1 per cent of the beneficiaries in Nalgonda district saved the amount in bank.

It could be observed that in all three districts, top priority was given for domestic consumption. However, 27 per cent, 11.66 per cent and 7 per cent spent of their income was incurred upon bank loan repayment in Ranga Reddy district, Mahabubnagar district and Nalgonda districts respectively. It, therefore, can be stated that the Ranga Reddy district beneficiaries were more cautious about loan repayment, whereas Nalgonda district beneficiaries gave priority for asset creation and re-investment rather than the loan re-payment and highest proportion of 57.34 per cent spent their income on domestic purpose in Mahabubnagar district.

Monthly savings

The relevant data pertaining to monthly savings of the sample beneficiaries in the selected districts are presented in Table-2.4.

TABLE-2.4
Monthly savings of the sample beneficiaries in the selected districts

S. No.	Monthly Saving (Rs.)	Ranga Reddy		Nalgonda		Mahabubnagar		Total	
		No.	%	No.	%	No.	%	No.	%
1.	0-500	47	31	14	10	20	13	81	18
2.	501-1000	33	22	24	16	18	12	75	17
3.	1001-1500	6	4	2	1	9	6	17	4
4.	1501-2000	5	3	7	5	9	6	21	5
5.	2001-2500	-	-	2	1	2	1	4	1
6.	Above 2500	6	4	8	5	12	8	26	5
7.	No Savings	53	36	93	62	80	54	226	50
8.	Total	150	100	150	100	150	100	450	100

source: primary data

It is evident from Table-2.4 that out of 450 beneficiaries in all three districts, 50 per cent (226 beneficiaries) felt that they did not have any savings. Also18 per cent of the beneficiaries saved up to Rs.0-500, followed by 17 per cent with Rs. 501-1,000 per month. Further, more than Rs. 2,500 per month savings were noticed from 26 (5 per cent) beneficiaries. An inter-district comparison revealed that 62 per cent of the beneficiaries in Nalgonda district did not save any amount in bank or elsewhere, followed by 54 per cent and 36 per cent of the beneficiaries who did not have any saving in Mahabubnagar district and Ranga Reddy district. Further, at the range of Rs.0-500, the 31 per cent sample beneficiaries in Ranga Reddy district saved amount, followed by 13 per cent in Mahabubnagar district and 10 per cent in Nalgonda district. An amount of Rs.501-1000 was saved by 22 per cent of the sample beneficiaries in Ranga Reddy district, followed by 16 per cent in Nalgonda district and 12 per cent in Mahabubnagar district.

From the above analysis, it can be stated that in all the three districts, 50 per cent of the beneficiaries did not have any savings after the implementation of the PMRY scheme, whereas 35 per cent of the beneficiaries had savings of more than Rs. 1,000. Only 5 percent of the beneficiaries saved up to Rs. 2,500. A comparison between districts revealed that the highest 53 per cent of the beneficiaries saved in the range of Rs.0-1000 in Ranga Reddy district, followed by Nalgonda district and Mahabubnagar district with 26 per cent and 25 per cent respectively. Therefore, it can be inferred that the beneficiaries are not in a position to save any thing in Nalgonda district and in Mahabubnagar district.

Improving the economic status of the sample beneficiaries

After revealing monthly income and savings, it is essential to study the improving economic status of the sample beneficiaries before and after implementation of the scheme. The relevant data are presented in Table-2.5.

From Table-8.2.5 it can be noticed that out of 450 beneficiaries, 221 beneficiaries improved their economic status after implementation of this scheme. Out of this, 72 beneficiaries (33 per cent) purchased Bicycles; 65 beneficiaries (29 per cent), Radios; 36 beneficiaries (16 per cent) electronic goods like Wrist Watches, Batteries, Small Tape Recorders; 30 beneficiaries, Black & White Televisions; 16 beneficiaries, Motor Cycle and only 2 beneficiaries, Cattle.

TABLE-2.5

Improving the economic status of the sample beneficiaries in the selected districts

S.No.	Items	Ranga Reddy			Nalgonda			Mahabubnagar			Total		
		Before Loan	After Loan	Differences	Before Loan	After Loan	Differen-ces	Before Loan	After Loan	Diffe-rences	Before Loan	After Loan	Differen-ces
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1.	Electri-cal good	10(10)	35(14)	25(24)	-	-	-	5(3)	16(8)	11(17)	15(3)	51(8)	36(16)
2.	Radio	40(26)	80(31)	40(38)	30(20)	45(22)	15(28)	35(23)	45(21)	10(16)	105(23)	170(25)	65(29)
3.	TV (B.W)	25(17)	40(16)	15(14)	15(10)	20(10)	5(9)	20(13)	30(14)	10(16)	65(13)	90(14)	30(14)
4.	Bicycle	15(10)	30(12)	15(14)	10(7)	40(20)	30(57)	15(10)	42(20)	27(43)	40(9)	112(17)	72(33)
5.	Motor Cycle	10(7)	18(7)	8(8)	9(6)	12(6)	3(6)	10(7)	15(7)	5(8)	29(7)	45(7)	16(7)
6.	Cattle	10(7)	12(4)	2(2)	-	-	-	-	-	-	10(2)	12(2)	2(1)
7.	House	-	-	-	-	-	-	-	-	-	-	-	-
8.	Land	-	-	-	-	-	-	-	-	-	-	-	-
9.	Orna-ments	-	-	-	-	-	-	-	-	-	-	-	-
10.	No Res-ponse	40(26)	40(16)	-	86(57)	86(42)	-	65(44)	65(30)	-	191(43)	191(27)	-
11.	Total	150 (100)	255 (100)	105 (100)	150 (100)	203 (100)	53 (100)	150 (100)	213 (100)	63(100)	450 (100)	671 (100)	221 (100)

source: primary data

Figures in the brackets indicate percentage to total.

An inter-district comparison shows that 40 beneficiaries (38 per cent) purchased Radios, followed by 25 beneficiaries, Electrical Goods; 15 beneficiaries each, TV sets and Bicycles; 8 beneficiaries, Motor Cycles and only 2 beneficiaries, Cattle after implementation of the scheme in Ranga Reddy district. In addition, 30 and 27 beneficiaries purchased Bicycles, 15 and 10 beneficiaries acquired Radios and 3 and 5 beneficiaries acquired the Motor cycles in Nalgonda and Mahabubnagar districts respectively.

As per the above analysis, it can be stated that in Ranga Reddy district (developed), beneficiaries (38 per cent) improved their economic status through acquiring Radios, Electrical goods (24 percent), TV (14 per cent) and Motor Cycles (8 per cent), whereas in developing district (Nalgonda), 57 per cent of the beneficiaries acquired Bicycles, Radios (28 per cent), TV (B/W) (9 per cent) and Motor Cycles (6 per cent). Similarly, in Mahabubnagar district, 43 per cent of the beneficiaries purchased Bicycles and 17 per cent acquired Electrical Goods and 16 per cent each, Radio and TVs. Further, in developed district (Ranga Reddy), sample beneficiaries improved their economic status by acquiring Electrical goods and Radios, whereas in developing district (Nalgonda) and in backward district (Mahabubnagar), sample beneficiaries acquired Bicycles to improve their Business as well as economic status. Obviously, economic status improved after implementation of this scheme in the sample beneficiaries' lives.

Furthermore, to check-up their economic status before and after loan sanctions and its impact of the scheme in improving economic status of the beneficiaries, t-test is conducted at 5 per cent level of significance with 6 degrees of freedom, t-value is 3.306. Since the calculated value of t-test is higher than its table value (2.571), the difference is considered significant. It means that the null hypothesis was rejected. It, therefore, can be stated that the PMRY scheme certainly improved the economic status of the beneficiaries.

EMPLOYMENT GENERATION

The prime objective of the PMRY programme is to create self-employment opportunities to the educated unemployed youth. In this process, it also generates wage employment to others.

Employment generation

The relevant data pertaining to employment generation in selected districts are presented in Table-3.1. From Table-3.1, it can be observed that the employment generation, in terms of number of persons additionally employed in each unit in the Nalgonda district, is the lowest, whereas in the district of Ranga Reddy (66 per cent), additional employment generation per unit is better than that of other two districts. With employment for one (self) plus two as a parameter, when considered, Mahabubnagar district stands first with 17 per cent of the units, which are able to provide employment for two more persons.

Hence, the average employment generated by the sample unit was 2 persons per unit. An inter-district comparison showed that the highest average employment generation was in Mahabubnagar district, (i.e. 2.26 persons per unit), followed by 1.99 persons per unit and 1.26 person per unit in Ranga Reddy district and in Nalgonda district respectively. Thus, it can be stated that obviously, the PMRY scheme units are certainly employment oriented.

Activity-wise employment generation

Activity-wise employment generation in the selected districts is presented in Table-3.2.

TABLE 3.2

Employment generation by nature of units in the selected district

S. No	Activity	Ranga Reddy		Nalgonda		Mahabubnagar		Grand Total	
		TE	AE	TE	AE	TE	AE	TE	AE
1.	Industry	42(14)	3.00	58(22)	4.14	82(24)	4.31	182(20)	3.87
2.	Services	87(29)	2.02	83(32)	1.31	99(29)	2.21	269(29)	1.78
3.	Business	170(57)	1.82	121(46)	1.65	159(47)	1.84	450(51)	1.79
	Total	299(100)	1.99	262(100)	1.75	340(100)	2.26	901(100)	2.00

source: primary data

TE = Total Employment generated   AE =Average Employment generated

Figures in brackets percentages to the total

It can be observed from the above table that the average employment generated by the sample unit is 2.00 persons per unit. A sector-wise comparison reveals that the average employment generation was the highest in Industrial units (3.87 persons per unit) followed by Business units (1.79 persons per unit) and Services units (1.78 persons per unit). There are some inter-district variations also. A comparison between sector wise and inter-district wise reveals that a maximum of 4.31 persons employed per unit in the Industrial sector in Mahabubnagar district, followed by 4.14 persons in Nalgonda district and 3 persons in Ranga Reddy district. In service sector, 2.21 persons were employed per unit in Mahabubnagar district, followed by 2.02 persons per unit in Ranga Reddy district and 1.31 persons per unit in Nalgonda district. Similarly, in business sector, 1.84 persons per unit, 1.82 persons per unit and 1.65 persons per unit were employed in Mahabubnagar district, Ranga Reddy district and Nalgonda district respectively.

TABLE-3.1
Employment generation in the selected districts

S. No.	Emp-loyment	Ranga Reddy			Nalgonda			Mahabubnagar			Total		
		Self-emp-loyed	Adl. Emp-loyed	Total	Self-emp-loyed	Adl. Emp-loyed	Total	Self-emp-loyed	Adl. Emp-loyed	Total	Self-emplo-yed	Adl. Emplo-yed	Total
1.	1+0*	31(21)	-	31	75(50)	-	75	25(17)	-	25	131(29)	-	131(14)
2.	1+1**	99(66)	99	198	52(35)	52	104	83(55)	83	166	234(52)	234(52)	468(52)
3.	1+2	15(10)	30	45	16(10)	32	48	26(17)	52	78	57(13)	114(25)	171(19)
4.	1+3	-	-	-	-	-	-	9(6)	27	36	9(2)	27(6)	36(4)
5.	1+4	5(3)	20	25	7(5)	28	35	7(5)	28	35	19(4)	76(17)	95(11)
	Total	**150**	**149 (0.99)**	**299 (1.99)**	**150**	**112 (0.74)**	**262 (1.74)**	**150**	**190**	**340**	**450**	**451(1)**	**901(2)**

source: primary data

* Self-employed + No. additional employed

** Self-employed + Number of person additional employed.

Figures in the brackets indicate percentage to total.

It can be observed that industrial sector is generating more number of jobs. Though the proportion of employment opportunities created in this sector was high (24 per cent) in Mahabubnagar district, Service sector in Nalgonda district and Business sector in Ranga Reddy district (i.e., 32 per cent and 57 per cent respectively) could generate more employment opportunities. It, therefore, can be stated that the PMRY units were more employment oriented.

Type of employment

Different types of employment provided by the sample beneficiaries to others are presented in Table-3.3.

It can be observed from Table-3.3 that the PMRY assisted units were providing employment opportunities in different types. In three districts, 51 per cent of the sample units are providing daily wage employment, 25 per cent units employed family members and 6 per cent engaged part time/piecework workers and only 18 per cent of the units provided permanent jobs in the entire three selected districts.

Across Ranga Reddy district, 55 per cent sample units could generate 'daily wage' employment, followed by 51 per cent in Mahabubnagar district and 46 per cent in Nalgonda district. Similarly, 29 per cent of the beneficiaries provided employment to their 'own family members' in Ranga Reddy district, followed by 24 per cent in Mahabubnagar district and 22 per cent in Nalgonda district. A maximum of 20 per cent beneficiaries each in Mahabubnagar district and Nalgonda district provided 'permanent' employment to others whereas it was only 12 per cent in Ranga Reddy district.

From the above analysis, it can be stated that the sample units provided majority of the additional employment to 'daily wages workers', followed by their 'own family members', and only 18 per cent 'permanent' employment opportunities were provided by the sample beneficiaries in all the three districts. A relatively developed district like Ranga Reddy could create 'daily wage' employment, whereas the developing district like Nalgonda district could provide 'part-time jobs' and a backward district like Mahabubnagar district provided jobs on 'permanent' basis.

TABLE-3.3

Type of employment provided to additional employed under this scheme in selected districts

S. o.	District	Self-emp-loyed	Additional Employment				Total Addl. Employ-ment	%	Total employ-ment	Average Addl. Employ-ment	Average total employ-ment
			Permanent	Family member	Part-time	Daily Wage					
1.	Ranga Reddy	150	18(12)	43(29)	6(4)	82(55)	149 (100)	33	299	0.9	1.9
2.	Nalgonda	150	22(20)	25(22)	13(12)	52(46)	112 (100)	25	262	0.74	1.74
3.	Mahabub-nagar	150	39(20)	45(24)	9(5)	97(51)	190 (100)	42	340	1.33	2.33
	Total	450	79(18)	13(25)	28(6)	231(51)	451 (100)	100	901	-	-

source: primary data

Parentheses indicate percentage of total.

ASSET CREATION

In previous section, an attempt was made to assess the overall impact of the programme in the study area. And it was found appropriate to look into assets creation by the beneficiaries. Acquisitions of assets after establishing their respective self-employment units are presented in Table-4.1. Table-8.4.1 revealed that out of 450 sample units, 60 per cent of the units acquired the assets and the remaining 40 per cent could not. An inter-district comparison shows that 65.33 per cent of the beneficiaries in Ranga Reddy district acquired the assets followed by 63.33 per cent in Mahabubnagar district and 51.23 per cent in Nalgonda district. The types of assets acquired wholly fall into the categories of personal and household effects and consumer durables such as domestic appliances, Electronic goods, TV, Radio and two wheelers comprising of Mopeds and Bicycles.

TABLE-4.1

Acquisition of assets by sample beneficiaries in the selected districts

S. No.	Acquisition of Assets	Ranga Reddy		Nalgonda		Mahabubnagar		Total	
		No.	%	No.	%	No.	%	No.	%
1.	Yes	98	65.33	77	51.23	95	63.33	270	60
2.	No	.52	34.67	73	48.67	55	36.37	180	40
	Total	**150**	**100**	**150**	**100**	**150**	**100**	**450**	**100**
	Range (Rs.)								
1	0-2000	8	8	30	39	20	21	58	22
2.	2001-4000	22	23	25	33	42	44	89	33
3.	4001-6000	45	46	8	10	14	15	67	25
4.	6001-8000	8	8	7	9	8	8.5	23	8
5.	8001-10,000	5	5	3	4	3	3	11	4
6.	Above 10,000	10	10	4	5	8	8.5	22	8
	Total	**98**	**100**	**77**	**100**	**95**	**100**	**270**	**100**

source: primary data

The range of value of the acquired assets, as can be observed from the table, did not follow similar pattern in all the three districts. It can be observed that in Ranga Reddy district, 46 per cent of the beneficiaries acquired the assets worth Rs. 4,001 to Rs. 6,000 whereas about 40 per cent of the beneficiaries acquired assets worth of Rs. 2,000 only in Nalgonda district and about 44 per cent of the beneficiaries in Mahabubnagar district were able to acquire assets more than Rs. 2,000 but less than Rs. 4,000.

To find out significance of the impact of the scheme on asset acquisition on a dichotomous basis, the chi-square $(c)^2$ test is calculated, and the calculated value was 7.168. It is more than that of table value 5.99 at 5 per cent level of significance. The difference is significant. It, therefore, can be concluded that the PMRY units are capable of creating assets. Further, the aspect whether the acquisition of assets was concentrated in a particular district or in a particular range was studied by calculating F-test. The results of ANOVA are presented in Table-4.1 (a)

TABLE-4.1. (a)
Analysis of variance

Source of variation	Sum of squares deviation	Degrees of Freedom	Mean square of deviation	F-Ratio	F 0.05	Remarks
Between three District	40.01	2	20	0.16	4.1028	Insignificant
Between asset acquisition range	1,585.65	5	317.13	2.544	3.3258	Insignificant
Residual	1,246.34	10	124.634	-	-	-

Both the calculated values are less than the table values. The hypothesis is rejected. Therefore, it can be concluded that variance from district to district and sector-to-sector in acquiring asset at particular range is insignificant.

TESTING OF HYPOTHESES

An attempt is made in this section to test the hypotheses formulated for the study. The hypothesis formulated for the study is that "there has been a positive impact of the PMRY scheme on income, employment and asset creation of the beneficiaries and the performance of the scheme would be better in developed district when compared to developing and backward districts". An analysis of the income generated by the beneficiaries through self-employment venture under PMRY scheme revealed that a large proportion of beneficiaries who had no income before starting the units under PMRY scheme had substantially improved their economic position. This is evident from the fact that the number of beneficiaries who had no income before starting the PMRY scheme fell considerably from 26 per cent to 4 per cent. It can be, therefore, observed that only 2 per cent of the beneficiaries did not generate income due to losses. Moreover, only 3 per cent of the beneficiaries derived a monthly income of above Rs. 5,000 earlier before implementation. But, after implementation of the scheme, quite interestingly, it has shot up to 8 per cent. On an average an incremental income of around 5 per cent was derived in all the ranges of income earned except in the range of Rs. 0-5,000. Out of these three selected districts, the highest proportion of 'no income group' fell from 29 per cent to 7 per cent in Ranga Reddy (developed district).

A sector-wise comparison reveals that industrial sector has performed better in generating more income of Rs. 6,332 per unit with 10.37 per cent rate of return on investment in Nalgonda district (developing), whereas the highest rate of return on investment is 16.47 per cent in service sector in Ranga Reddy district. The lowest rate of return has been noticed in Mahabubnagar district in the business sector (9.55 per cent). Therefore, it can be inferred that the Ranga Reddy district beneficiaries maintained the units with low investment and with high rates of return in service sector.

Further, a comparison of the beneficiaries' income before and after implementation of PMRY scheme reveals that the monthly income has increased. The data has, thus, conclusively proved that the income level of the beneficiaries went up after implementation of the scheme and it was the highest at service sector in developed (Ranga Reddy) district. This hypothesis that the scheme will bring about an increase in the income levels has thus been validated.

The hypothesis is on the impact on assets creation by the sample beneficiaries. An analysis of the asset creation revealed that 60 per cent of the units created assets, and rest of the units did not. A maximum of 39 per cent of the beneficiaries created the asset value of Rs. 0-2,000 in the developing district (Nalgonda district), it was 44 per cent with the value of Rs. 2,001-4,000 in backward district (Mahabubnagar) and 46 per cent of the beneficiaries created the asset worth Rs. 4,001-6,000 in developed district (Ranga Reddy) during the functioning of the unit. Thus, the empirical analysis indicates the creation of assets by the PMRY units would be valid. To find out significance of the difference, chi-square test $(c)^2$ was calculated, and it was found to be significant. Further, the performance of the scheme would be better in developed districts when compared to developing and backward districts. To find out significance of difference in this respect, ANOVA Test was calculated. The result was insignificant. Therefore, the developed districts did not prove to be better than the developing and backward districts in this respect.

With regard to employment generation, on an average, employment generated by the sample units was 2 persons per unit. The highest average employment generation was noticed in Mahabubnagar district, it was 2.26 persons per unit, whereas it was 1.99 persons per unit and 1.26 persons per unit as noticed in Ranga Reddy district and Nalgonda district respectively. Sector wise comparison reveals that the highest employment generation was noticed in industrial sector (3.87 persons per unit), followed by business sector (1.79 persons per unit) and services sector (1.78 persons per unit). In addition, this scheme was generating self-employment for beneficiaries and additional employment was provided for 4.31 persons per unit in Mahabubnagar district in industrial units, followed by 4.14 person per unit in Nalgonda district and 3 persons per unit in Ranga Reddy district.

On the basis of foregoing analysis, it can be stated that the PMRY scheme units were employment generation oriented. The performance of this scheme in respect of this parameter was much better in a backward district than in a developed district. Industrial sector was providing more number of employment opportunities to the beneficiaries than other sectors do. Therefore, the hypothesis that PMRY scheme generates employment stood valid in respect of industrial sector. The hypothesis that Developed District relatively stood better in providing employment was disproved.

The hypothesis formulated for the study was that " the scheme promotes a new class of entrepreneurship". Information pertaining to the family occupation of the selected beneficiaries was collected and analysed under five categories viz., Agriculture, Artisans, Business and Government servants' sons and others (including private Services). The self-employment venture chosen by the beneficiaries was compared with their family occupation to ascertain whether the chosen ventures adhered to the family occupation. From this analysis, it was found that a majority of the beneficiaries, excluding those with agriculture as background, did choose self-employment ventures related to their family occupation. A complete occupational shift has taken place in beneficiaries with agriculture as the background only. It is evident that 75 per cent of the beneficiaries with business as family background and 50 per cent of the beneficiaries with Service sector as family background have retained their own family occupation. In view of this, it can be concluded that a complete occupational shift has taken place in agriculture families and they opted for units under SES other than agricultural field. Therefore, a new class of entrepreneurship was promoted completely in respect of beneficiaries with agriculture as family background.

The hypothesis that the PMRY scheme promotes a new class of entrepreneurs is, thus, proved in respect of beneficiaries with agriculture as family background and it is not proved in respect of beneficiaries with families having other backgrounds.