ENTREPRENEURSHIP IN RURAL ECONOMY- A Impact Assessment study of Self-employment Scheme

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Poverty and unemployment are two sides of the same coin when we are going to solve one problem in the society, second will be taken care with that. Rural unemployment has been more severe than urban unemployment in India, for the solution of rural unemployment; wage employment programmes were stressed in labour surplus economy like India. 'India has a long history of Government programmes for poverty alleviation. A centrally sponsored scheme, TRYSEM was launched by the Government of India to provide training facilities and to create self-employment among rural unemployed youths. The overall objective of the study is to find out the entrepreneurship generated in rural areas and based on both primary and secondary data. A sample of 63 self-employed respondents was selected from four taluks of Belgaum district in Karnataka state. Modern trades are more income generating and traditional trades generate more of self-employment

Keywords: *Employment Generation, Self- employment, Sustainability, Training, TRYSEM, Unemployment*

‘Poverty and unemployment are two sides of the same coin when we are going to solve one problem in the society, second will be taken care with that. The poverty and unemployment at present scenario are most severe problems of Indian economy (GOI, 1973-78). Rural unemployment has been more severe than urban unemployment in India, for the solution of rural unemployment; wage employment programmes were stressed in labour surplus economy like India. After independence India started the experiment of mixed economy and introduced economic planning for the rapid economic development of the country. The Government of India appointed a Committee of Experts under the chairmanship of Prof Dantwala in 1960s to give an estimate of unemployment in the country &'Committee of Experts on Unemployment' under the Chairmanship of Shri. M. Bhagawati in 1970 (GOI, 1973). On the recommendation of the committee, poverty and unemployment alleviation has been central objective of planned strategy, but it was in the Fifth Five Year Plan for the first time, unemployment and poverty alleviation has been adopted as an explicit objective (Sharma R.P, 2001).

'India has a long history of Government programmes for poverty alleviation. They are national rural employment programmes like MNP, JRY, target group specific programmes like IRDP/SFDA, TRYSEM etc. A government spending on special area programmes and food subsidy in real terms encourages both self-employment and wage paid employment and income generating opportunities in addition to making available food at subsidized prices under Public Distribution Scheme (Desai, B. M. & N. V. Namboodiri, 1998).

Statement of the Problem

India is a unique country where majority of the population lives in the rural areas. The rising prices and high cost of living; it is difficult to satisfy basic needs of the rural population. Governments of India as well as state government are showing great concern for rural poor and unemployed. Food is the major consumption item for the poor and employment is the principal source of their income, the effects of the self-employment are highly favorable to poor. The majority of the rural poor own very little or no land at all. They are not educated and have no skills, so they cannot find employment. To generate skills among rural youths so as to provide self-employment and wage employment to them, government implemented a special scheme called 'TRYSEM'. This programme was very much helpful to the untrained rural youth to take-up self-employment. Thus, in this paper it is felt necessary to evaluate the performance of the programme at micro level.

Training of Rural Youth for Self-EMployment (TRYSEM)

A centrally sponsored scheme, 'Training of Rural Youth for Self-Employment' - (TRYSEM) was launched by the Government of India, the Department of Rural Development on 15th August 1979; to provide training facilities and to create self-employment among rural unemployed youths. It is a facilitating component of Integrated Rural Development Programme (IRDP) (GOI, April, 1991). The main objective of TRYSEM is to provide technical and basic skills to rural youth from families below poverty line to enable them to take up self-employment in the broad fields of agriculture and allied activities. The target group comprises of rural youth between the ages of 18-35 from families below poverty line. The duration of training course varies from a few days to several months. Trainees are paid stipend ranging from Rs. 250 to 500/- per month. On the successful completion of training, the youths should receive a combination of subsidy and institutional credit under the IRDP.

Objectives and Methodology

The overall objective of the study is to find out the entrepreneurship generated in rural areas. The specific objectives of the study are: to examine the extent and nature of employment generated through TRYSEM programme among the trained youths; to examine the relative importance of wage-employment to self-employment under TRYSEM and to examine the sustenance of the units created under TRYSEM. The present study is based on both primary and secondary data. The secondary data was collected from DRDO, Belgaum, ZP office, Belgaum, DSO, Belgaum and the primary data has been collected through a structured questionnaire, canvassed among the selected sample respondents. A sample of 63 self-employed respondents was selected from four taluks namely Chikodi, Gokak, Khanapur and Ramdurga of Belgaum district in Karnataka state. The analysis of data and testing of hypothesis is done by using simple statistical tools like, averages and cross tabulations.

Self-employment

The self-employed have been trained in various trades. The trade wise self-employed beneficiaries are depicted in Table 1.

[Table – 1 about here]

It is evident from Table-1 that maximum numbers of self-employed are found in Tailoring and embroidery trades. While trades like TV/Radio repair and motor rewinding contribute. 11.11 percent, respectively computer and Knitting trade are contributing only 1.59 percent respectively. From this it may be concluded that the traditional trades like Tailoring and Embroidery are providing more scope for self-employment. The modern trades like computer, TV/Radio repair and motor rewinding are not contributing so much to the self-employment, because such trades need adequate training and finance.

Impact Assessment

TRYSEM scheme aims at skill formation among rural youths by giving them training so as to help them to undertake self-employment. An attempt is made to examine the impact of TRYSEM on self-employment.

Sources of Finance for Self-Employment

Finance is the life-blood of a developmental activity. The various sources of finance of self-employed beneficiaries are analyzed in order to know the extent of institutional sources of finance. This is shown in Table -2

[Table – 2 about here]

It is clear from the Table-2 that the total respondents who have started the business are from various activities. The average amount of investment varies from activity to activity. For instance in three activities namely computer, TV/ Radio repair, motor rewinding the average amount of investment per unit is very high as compared to others. Hence, activities namely, tailoring, Embroidery and Netting the amount of investment is less. The overall average amount of investment is less than Rs.10,000 per unit. It means these activities are well within the reach of poor people to start. By and large the share of institutional credit in the total investment is 87 percent, the own capital constitute 12 percent. It is clear that quite majority of the respondents who have borrowed funds from the banks and financial institutions to start their business have availed of the subsidy facility. Hence, from the financial point of view the self-employed beneficiaries have not experienced any financial burden as such in starting their activities. This is fully supported by the fact that most of the respondents have not borrowed money from moneylenders to a great extent.

Income generated in different activities of self-employed

Employment and income generation is the main objective of TRYSEM programme. Along with employment generation, the income generation is also equally important in enabling the poor people in rural areas to cross over the poverty line. If we compare the average amount of investment per unit, with average net return per unit, it is interesting to find out the return on investment*, which varies directly with the amount of investment per unit. This is evident from Table -3.

[Table – 3 about here]

* $\text{Return on Investment} = \dfrac{\text{Average net return per unit}}{\text{Average amount of investment per unit}} \times 100$

It is clear from the Table - 3 that average amount of investment is Rs.9,693 and average net return per unit is Rs. 2,472 indicating Rs. 25.50 return on investment. Trade-wise comparison indicates that, maximum rate of return on investment (i.e. Rs. 42.70) is witnessed in computer trade; where in average amount of investment is also highest (i.e., Rs. 66,500 per unit), followed by TV Radio repair and motor rewinding trade. It indicates that there is positive relation between rate of return and amount of investment. In case of trades like tailoring, embroidery and knitting the return on investment is Rs. 25.71, Rs25.62 and Rs.25.50 respectively and amount of investment is Rs. 2,400, Rs.2, 650 and Rs.2, 750 respectively. It can be concluded from this that trades having large amount of investment will have high rate of return on investment and vice-versa.

Thus, modern activities like computer, TV/Radio repair and motor rewinding are successful in generating more return as compared to traditional activities like tailoring, embroidery and Knitting. Whereas, traditional activities are more self-employment oriented and modern activities are more income generating. Even though return in modern trades is more; self-employment created is less because of heavy investment and technical skill.

Cost of production

After examining the return on investment, it would be essential to have a comparative analysis of cost of production as percentage of income[*]. The detail of cost of production as a percentage of income is given in Table- 4.

[Table – 4 about here]

The cost of production as a percentage of income depends on nature of activity and income generated. Thus, it is concluded that, cost of productions of percentage of income varies from trade to trade depending on total cost and income of that activity.

Net Return and Repayment position

The borrowed beneficiaries are repaying the loan regularly or are there any defaulters. This is indicated in Table - 5

[Table – 5 about here]

It is clear in the Table - 5 that out of total 63 self-employed beneficiaries 31.75 percent of them are defaulters. The main reason for this kind of defaulters may be that the income generated by some of these units may not be sufficient to repay the loan. Thus, there is positive relation between net returns and repayment of loans.

[*] $\text{Cost of Production as percent of Income} = \frac{\text{Total cost}}{\text{Total income}} \times 100$

Self-employment and Employment Generation

The main trades were tailoring, computer, TV/Radio repair, motor rewinding, Embroidery and knitting in all these activities; the beneficiaries have also employed hired labour as well as family labour. The use of family labour is more as compared to hired labour. We come across activities like tailoring, TV/Radio repairs, Embroidery etc., which have relatively more number of hired labours. The employment generated per unit is found to be highest in case of computer activity followed by knitting, embroidery and motor rewinding. This can be seen from the Table -6.

[Table – 6 about here]

It can be concluded that, computer, embroidery and knitting are employment-oriented activities as compared to others. Hence, they need to be encouraged while imparting training to the beneficiaries. It does not mean that other activities should be totally discarded. In fact, they too have generated employment but not to that extent as others. It is equally important to examine the wage rates received by labours. For this purpose the hired labours are classified in to three categories as labours receiving wage less than Rs. 25, Rs.30/- and 40/- per day.

Sustainability Self-Employed Units

Success of any business or programme depends upon the sustainability of the units, the income and employment generated over a period of time. If the unit is found to be in existence by providing employment and generating income, it is considered to be successful unit. In this context it is now interesting to see the sustainability of units of the self-employed beneficiaries, which is depicted in the Table – 7.

[Table – 7 about here]

It is evident from the Table - 7 that, 50 percent of the self-employed units are sustaining for five years period and remaining 50 percent of them are continued from three to four years. The main reason for such type of discontinuity may be that the income generated in some of these activities was meager and not sufficient for maintenance. Secondly, some of the beneficiaries in these units were educated, they got better job in different activities. Trade-wise comparison indicates that, in computer trade sustainability is 100 percent; TV/Radio repair and motor rewinding trade 57 per cent. The main reason for this kind of performance is the income generated from these trades is good naturally they remain in the same activity. In knitting trade, the units are sustained for only three years.

Conclusion

The overall observation in the study is that Tailoring and Embroidery trade contributing more for self-employment. Self-employment in modern trades need very high investment, major part of finance comes in form of institutional finance. Higher the investment; higher the returns on investment. Traditional activities are self-employment oriented as compared to modern trades. There is positive relation between rate of return and repayment of loans. Self-employed units are employing both hired and family labours, only 50 per cent self-employed units are sustained for five years. Thus, modern trades are more income generating and traditional trades generate more of self-employment.

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Table-1

Trade wise self-employment position of Eligible Beneficiaries

Trades	**Chikodi**	**Gokak**	**Khanapur**	**Ramdurga**	**Total**
Tailoring	11 (78.58)	09 (50.0)	08 (61.54)	08 (44.44)	36 (57.14)
Computer	01 (7.14)	-	-	-	01 (1.59)
TV/Radio repair	01 (7.14)	02 (11.11)	02 (15.38)	02 (11.11)	07 (11.11)
Motor Rewinding	01 (7.14)	03 (16.67)	03 (23.08)	-	07 (11.11)
Embroidery	-	04 (22.22)	-	07 (38.89)	11 (17.46)
Knitting	-	-	-	01 (5.56)	01 (1.59)
Total	14 (100)	18 (100)	13 (100)	18 (100)	63 (100)

Note: Figures in brackets indicate percentage to total.

Source: Primary DataTable- 2

Sources of Finance for Self-employed Beneficiaries

Trades	Number of Units	Avg. Amt. of Invt. (Rs. Per Unit)	Percentage Share of Finance from Different Sources			Number of Respondents who availed Subsidy
			Own funds	Institutional finance	Money lenders	

Tailoring	36	2,400	18	80	02	27
Computer	01	66,500	08	92	-	01
TV/Radio Repair	07	30,000	10	90	-	07
Motor Rewinding	07	18,000	18	82	-	06
Embroidery	11	2,650	10	84	06	09
Netting	01	2,750	24	76	-	01
Total	63	9693	12	87	01	51

Source: Primary DataTable - 3

Rate of Return on Investment of Self-employed

(In Rupees)

TRADES	**Chikodi**			**Gokak**			**Khanapur**			**Ramdurga**			**Total**		
	AR Invest	AR Return	% Rate Return	AR Invest	AR Return	% Rate Return	Average Invest	AR Return	% Rate Return	Average Invest	AR Return	% Rate Return	Average Invest	AR Return	% Rate Return
Tailoring	2,267	691	30.5	2,490	635	25.5	2,650	520	19.6	2,240	570	25.4	2,400	612	25.5
Computer	66,500	28,393	42.7	-	-	-	-	-	-	-	-	-	66,500	28,393	42.7
TV/Radio Repair	35,000	10,964	31.3	36,667	11,211	30.5	23,333	6,577	28.2	26,667	7,117	26.7	30,000	8,753	29.2
Motor rewinding	25,000	7,708	30.8	15,000	4,440	29.6	19,250	5,025	26.1	-	-	-	18,000	5,013	27.8
Embroidery	-	-	-	2,825	808	28.6				2,561	661	25.8	2,650	679	25.6
Knitting	-	-	-	-	-	-				2,750	707	25.7	2,750	707	25.7
Total	15,012	3,904	26.0	9,819	2,483	25.3	10,206	2,509	24.6	5,456	1,364	25.0	9,693	2,472	25.5

Source: Primary DataTable - 4

Cost of production as percentage of income

Trades	**Chikodi**	**Gokak**	**Khanapur**	**Ramdurga**	**Total**
Tailoring	61.35	65.58	66.63	52.25	62.26
Computer	64.10	-	-	-	64.10
TV/Radio Repair	65.38	59.38	59.02	59.75	60.62
Motor Rewinding	56.86	49.77	58.43	-	55.44
Embroidery	-	61.19	-	54.69	57.87
Knitting	-	-	-	60.21	60.21
Total	61.92	58.98	61.36	56.90	61.69

Note: Figures indicates cost of production as percentage of income.

Source: Primary Data**Table -5**

Net return and Repayment

Trades	**Net Returns (Rs. Per Unit)**	**Percentage of defaulters**
Tailoring	612	33.33
Computer	28,393	-
TV/Radio repair	8,753	14.29
Motor rewinding	5,013	28.57
Embroidery	679	36.36
Knitting	707	100.00
Total	2472	31.75

Source: Primary DataTable-6

Employment generated by self-employed

Trades	**No. of Self-Employed**	**Hired Labour**	**Family Labour**	**Total Employment**	**Employment Generated Per**

				Generated	**Unit**
Tailoring	36 (57.14)	09 (34.61)	37 (60.66)	46 (52.87)	1.28
Computer	01 (1.59)	02 (7.69)	02 (3.28)	04 (4.60)	4.00
TV/Radio repair	07 (11.11)	05 (19.23)	02 (3.28)	07 (8.05)	1.00
Motor Rewinding	07 (11.11)	04 (15.38)	06 (9.84)	10 (11.49)	1.43
Embroidery	11 (17.46)	05 (19.23)	12 (19.66)	17 (19.54)	1.54
Knitting	01 (1.59)	01 (3.85)	02 (3.28)	03 (3.45)	3.00
Total	63 (100)	26 (100)	61 (100)	87 (100)	1.38

Source: Primary Data**Table - 7**

Sustainability of Self-employed units

Trades	**Chikodi**				**Gokak**				**Khanapur**				**Ramadurga**				**Total**			
	III	IV	V	T	III	IV	V	T	III	IV	V	T	III	IV	V	T	III	IV	V	T
Tailoring	02	01	08	11	02	03	04	09	02	02	04	08	03	02	03	08	09 (25)	08 (22)	19 (53)	36 100
Computer	-	-	01	01	-	-	-	-	-	-	-	-		-	-	-	-	-	01 (100	01 100
TV/Radio Repair	-	-	01	01	-	01	01	02	-	01	01	02	-	01	01	02	-	03 (43)	04 (57)	07 100
Motor Rewinding	-	01	-	01	-	01	02	03	-	01	02	03	-	-	-	-	-	03 (43)	04 (57)	07 100
Embroidery	-	-	-	-	01	01	02	04	-	-	-	-	02	02	03	07	03 (27)	03 (27)	05 (46)	11 100
Knitting	-	-	-	-	-	-	-	-	-	-	-	-	01	-	-	01	01 100	-	-	01 100
Total	02 14	02 14	10 72	14 100	03 (17)	06 (33)	09 (50)	18 100	02 (15)	04 (31)	07 (54)	13	06 (33)	05 (28)	07 (39)	18 100	13 (20)	17 (27)	33 (53)	63 100

III- Up to Three years IV- Up to Four years V- Up to Five years
T- Sub Total of taluks and Grant total of District
Note –Figures in brackets indicate Row-wise percentage Source: Primary Data