

**AN ANALYSIS OF THE ROLE OF A NATIONALISED BANK
IN PROMOTING SELF-EMPLOYMENT**

**BY
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A C K N O W L E D G E M E N T

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I INTRODUCTION

Development is not a unidirectional affair but a multidimensional concept, says Singer(1977). Rate of growth of production is important but equally important is the rate of growth in employment. It is employment that keeps people linked to the growth of their country, makes them participate in its development, gives them training for future jobs and presumably has value in itself. Employment is important in itself not just as an instrument for economic growth, but because it constitutes the very purpose of economic development.

The Beveridge Committee (1969) brought out the importance of and need for employment in these emphatic words. "A person who cannot sell his labour is in effect told that he is of no use. This first difficulty causes annoyance or loss. The other is a personal catastrophe ... During unemployment, idleness even on an income corrupt. The feeling of not being wanted demoralizes(him)". Redundancy of the individual in a society associated with unemployment generates a threat to the security of the nation. Those who are unemployed feel that they do not belong to the mainstream of national life (Sarabai, 1974). They have the resentment and anger of exiles. An increasing number of exiles undermines the very fabric and the basic stability of any civilization. It is necessary to restore them to employment and dignity (Ghose, 1978).

In spite of the development programmes under the Five Year Plans and the specific programmes of employment creation, the backlog of unemployment in India has persistently remained. Currently, it has been estimated at 8 per cent of the labour force. Besides this backlog, the labour-force has been growing at the rate of 2 per cent per annum, thus rendering 10 per cent of the labour force unemployed at any moment (Adisheshia, 1979). As against this, employment in the organised sector has increased only at an annual average rate of 2.5 per cent over the period 1972-73 to 1976-77 (RBI Bulletin, 1978). The structure of our economy is such that wage or salaried employment is not likely to increase at the rate at which new entrants specially the educated enter the work-force (Gadgil, 1972).

Self-employment, needs top priority in the context of manpower situation in a developing country like India (Nayon^{AY}, 1979). To solve the problem of unemployment, developmental activities would generally have to be accelerated but, in addition, there has to be an attitudinal change among the youth with regard to self-employment. They must realise that a job is not the only form of employment and that there can be no adequate answer to the problem of unemployment except by substantially extending the opportunities for self-employment.

Self employment provides not only greater opportunities for productive employment, it also offers a method of ensuring a more equitable distribution of the national income. Further, some of the problems that unplanned urbanization tends to create are avoided by the establishment of small centres of industrial production. Moreover, the small and medium-scale sector needs relatively smaller capital investment and has a comparatively shorter gestation period (Ghose, 1978).

In a developing economy the rate of economic development crucially depends on the number and ability of entrepreneurs available to it. It is not merely the availability of physical inputs but also the ability of the entrepreneurs to utilise the resources optimally which is important. The applicants under self-employment scheme have been found to take to enterprise, in many cases, out of frustration due to failure to secure jobs. Half-heartedly and in haste they select projects without bothering to plan and prepare a workable scheme, taking due care of the possible constraints.

Every new venture needs all care and attention by way of hard work and dedication, devotion and sincerity from the promotor with a firm resolution that he will make it a success. He must be a man of ideas, a man of will and courage and a man who thinks ahead. Since he has to create something out of nothing he must know what he has to do, how

he has to do and when he has to do. A new enterprise is like a baby; easy to conceive but difficult to deliver and after delivery a lot of tender care is needed to bring it up. More will be the difficulties if the mother has newly become as she is without much experience in bringing up the kid (Mallya, 1977). Banks have an added responsibility in this regard in that they must be ^{able} ~~are~~ to locate and assist people with entrepreneurial qualities under the self-employment schemes. Only then the objective of employment and the objective of output creation would be simultaneously achieved.

In India, the self-employment schemes have been in vogue for a long time. Government has been following a policy of encouraging small industries to provide fillip to self-employment. The banks have come into the picture in this regard, under the various special employment programmes of Government to provide employment to weaker sections (Bhattacharya, 1972). There has been a spate of criticisms against their functioning; they are not enthusiastic about the programmes; they have not overcome security consciousness; they do not provide loans for working capital; they have not been able to locate eligible entrepreneurs under the scheme and so on. Banks, in turn, pass the buck on ^{to} _^ the clientele saying that they are pressurised into giving loans for people

of doubtful credit worthiness, their propositions are not bankable that they misutilise the loans for consumption purposes; that they are not serious about repayment etc. An appraisal of the role of banks as the chief financial institutions in this regard is in order.

Chikara (1978) who studied the impact of institutional credit on weaker sections in the Hissar District of Haryana found that banks did provide desirable assistance to the weaker sections under the 'Weaker Sections Developmental Programmes.' The advances given by the banks helped them in increasing gainful employment and income. The cost of credit was also not very high. However, the loans were found to be inadequate in comparison to the requirements of these people. The study warned that unless the requirements of these borrowers were met they might again fall into the traps of the private money-lenders. Similar studies need to be conducted in other regions to find out the relative effectiveness of the scheme of self-employment. The findings of such studies, it is hoped, when aggregated would provide the scientific basis for revitalising the programme in the direction of larger quantitative achievement and qualitative growth of entrepreneurship among the economically deprived sections^{of} today.

The present study on the role of a nationalised bank in promoting self-employment is proposed

- a. To find out the characteristics of the clientele beneficiaries from the scheme;
 - b. To find out the effectiveness of the bank loans made available to them for prosecuting self employment;
 - c. To suggest ways and means by which the scheme can be expanded quantitatively and qualitatively;
 - d. To suggest measures for strengthening the mutual relationship between this group of clientele and the banks;
- and
- e. To find out how far employment generation is possible by the loans provided by the banks.

The study covers the beneficiaries under the self-employment scheme as ^{has} been executed by a branch of one of a nationalised bank in Coimbatore. It is hoped that the findings of the study will be a useful addition to the literature on employment programmes in India and also assist the banks by providing valuable information as regards location of entrepreneurship and taking measures for making effective the credit given under the scheme. It is an exercise in understanding the behaviour pattern of the self-employed group that should constitute the broad-base in any economic democracy.

"Work is its own reward", meaning thereby that work is important both as means as well as end and for its own sake should be performed well. Work provides one with the wherewithal for living, satisfies his creative urges, fulfils his nurturance and dominance needs and a desire for status, power and prestige fed, demand work. Refugees streaming from East and West Pakistan after the partition of India in 1947 insisted more on work than on the dole (Bakke, 1940).

The Constitution of India provides that "The state shall within the limits of its economic capacity and development, make effective provision for securing right to work, to education and to public assistance in case of unemployment" (Basu, 1960).

B. Employment trends since 1951:

The prevalence of unemployment and under-employment is an index of economic distress and primary poverty (Saxena, 1968). There is no problem inimical to economic development as the scourge of unemployment.

The incidence of unemployment in India over the first four Five Year Plans as estimated by the Dantwala Committee (1970) is furnished in Table I.

TABLE I

UNEMPLOYMENT AND FIVE YEAR PLANS

	(in millions)				
	I Plan	II Plan	III Plan	Annual Plans	IV plan
1. a) Backlog	3.3	5.3	7.1	9.6	12.6
b) New entrants	9.0	11.8	17.0	14.0	23.0
c) Total(a+b)	12.3	17.1	24.1	23.6	35.6
2. Additional Employment generated in					
a) Agriculture	1.5	3.5	4.1	2.0	4.5
b) Non-Agriculture	5.5	6.5	10.5	9.0	14.0
c) Total(a+b)	7.0	10.0	14.5	11.0	18.5
3. Backlog carried forward to next plans (1-2)	5.3	7.1	9.6	12.6	17.1

Estimated employment generated in each five year period was distributed between agricultural and non-agricultural sectors. The cumulative figure of employment generated was for 54 million workers over the entire course of planning between 1951-1974. During this period, employment had grown, but the unemployment had also grown simultaneously. From one plan to another the magnitude of the problem is growing (Jayalakshmi, 1973). This is the most tragic failure of development, observes, Bhagavathi (1973).

In the Draft Fifth Five Year Plan (1973) the participation^{rate} was estimated at 31.1 per cent in 1971, 31.5 per cent in 1974, 32.6 per cent in 1979, 34.4 per cent in 1984 and 35.2 per cent in 1986. The estimated addition to the labour force was about 65 million.

Employment planning for the Sixth Plan is based on area plans. These area plans will identify activities suitable to a particular area, which are capable of absorbing surplus labour for which supplementary funds over and above the sectoral investment funds are available. The Planning Commission (1977) estimated that 70 million jobs may have to be created in the next 10 years to reach the objective of eradicating unemployment.

C. Need for self-employment;

The development experience of developing countries show that GNP growth has not been accompanied by proportionate increases in employment. In the modern industrial sectors of these countries, the output o capacity has increased by 7 or 8 per cent while employment in the same has increased at the rate of only 2 per cent or 2.5 per cent per annum. In these countries population also has increased at a similar rate^e of 2.5 or 3 per cent, so much so the percentage of the total population absorbed in the industrial sector has not increased.

It has often fallen. This inconsistency between the rate of growth of GNP and rate of growth of employment was not found in the history of economic development of England, Japan, Russia and the U.S.A. from whom the former drew the inspiration for development and borrowed the methodologies of planning. As such, the economic models of West have become irrelevant for the developing countries in solving the problem of employment.

As Prof. Hirschman (1973) remarks, to expect the developing countries of today to develop and specifically to achieve full-employment on the basis of modern capital intensive techniques, is the same as advising a young man from a poor family who is looking for a prosperous carrier to go and get himself a rich grand father. Developing countries, thus must innovate and find new solutions to the problem of unemployment.

The hangover of colonial culture made many Indians disdain trade, industry and other forms of self-employment. The ethos of a feudal economy developed during colonial rule did not help to generate the enthusiasm and dynamism that is necessary for the establishment of a modern industrial order. The apathy and pallor of ^ufeudalism is reflected in the attitude which shows reluctance to take risks and wants to stick to the rut of salaried jobs.

The young ^{VA}_^ employed in India are looking for non-manual work and are not prepared to accept work that 'soil their hands'. Their attitudes have been strengthened in several ways by influences from the West. For one thing, most westerns ^{er}_^ who came to live in South Asia quickly acquired the habit of avoiding physical toil; they behaved like members of a 'super-caste'. Of even greater importance was the types of school system built up by the colonial governments. The curriculum in the schools was literary and academic and this emphasis also agreed with the traditional inclinations in South Asia. Government jobs had a particularly high prestige value, but they had other recommendations as well. In colonial times a simple clerk commanded an income far above that of a common labourer~~s~~. The parents views are reflected in the young people's refusal to entertain the notion of taking employment outside the urban white-collar occupations (Myrdal, 1973).

Self employment offers a solution to the problem of the unemployment among others. Besides securing an independent source of livelihood for the individual concerned, self-employment helps one to maintain his identity, provides opportunities for expending the maximum effort and establishes a direct relationship between efforts and rewards.

Fortunately, the large and diversified Indian market presents boundless opportunities for self-employment. The span of self-employment, says Pandav(1977), is very wide and enfolds in it qualified professionals such as doctors, lawyers, chartered and cost accountants, engineers, architects, contractors and so on. There are other skilled people such as taxi drivers, service rendering artisans and craftsmen. Again there are people supporting their lives with other avocations for example, the cobblers, artmen, rickshaw drivers, flour mill runners and so on.

Measures for increasing self-employment(Planning Commission, 1973) involve:

- a) The proper identification and motivation of suitable persons.
- b) The provision of requisite on-the-job or other professional training and consultancy services and preparation of projects to back the efforts of individuals.
- c) Effective arrangements to provide infrastructural facilities, raw materials and also marketing; and
- d) Proper institutional arrangements which would enable the maximum financial support from banks and other financing institutions with the minimum necessary involvement of Government funds.

These measures were adopted as part of the package of special employment programmes adopted in the Fourth Plan period.

D. Bank's support to schemes of self-employment:

After socialisation and nationalisation of fourteen major commercial banks in this country, financing self-employment schemes to combat unemployment has become the order of the day, and because of publicity made by the banks themselves, many persons are tempted to think of floating new enterprises posing more challenges to banks(Mallya, 1977).

To promote self-employment as also to bring about growth with social justice, the public sector banks after nationalisation have been operating schemes to provide funds liberally to the weaker-sections of society (Directorate of Advertising and visual publicity, 1972). Gandhi(1977) rationalised the need for liberal funds thus, "as in a family, the parents look upon their children with equal affection but a sick child gets additional attention, similarly, in society the weaker sections have to be nursed by giving some preferential treatment and the privileged sections should make sacrifices willingly for the welfare of the have-nots".

Banks, in their assessment, do not find many of the schemes brought by the applicants well thought out and having a chance of success. The applicants take to enterprise, in many cases, out of frustration due to their failure to secure

jobs, and half-heatedly and in haste, they select projects without bothering to plan and prepare a workable scheme, taking due care of the possible constraints. This state of affairs, says, Suneja (1979) calls for a drastic remedy. Entrepreneurial talents should not be left to grow out of frustration because whatever comes out of frustration is bound to be a failure sooner or later.

The Committee of Bankers (Nariman Committee) appointed by the Reserve bank of India in 1969 accepted the "area approach" conceived by Gadgil and gave a practical shape to it under the title of Lead Bank Scheme. The basic aim of the Lead Bank Scheme is that individual banks should adopt particular districts for intensive development. Under the scheme, the Lead Banks act as leaders to bring about co-ordination of co-operative banks, commercial banks and other financial institutions in their respective districts in the interests of district development.

E. Role of Banks in Coimbatore District in promoting self-employment

Coimbatore is one among the three districts of Tamil Nadu where Canara Bank is the Lead Bank. In 1970, under the Lead Bank scheme, Canara Bank carried out an impressionistic survey

of the district to identify growth centres. The credit plan of the bank for the district contained 16 schemes covering a total outlay of Rs.8965 lakhs during 1977-78 to 1979-80.

While preparing bankable schemes, special emphasis was given to the immediate requirements of small and marginal farmers and agricultural labourers and labour intensive units in small-scale industry. Credit needs of other weaker sections such as weavers, retail traders, artisans, etc., were also duly taken care of. It assessed the credit needs of small business and retail trade at Rs.105.40 lakhs for the three year period 1977-78 to 1979-80.

F. Studies done earlier:

a. Report of Committee of Experts on Unemployment:

The Planning Commission set up in 1968, a Committee of Experts to enquire into the various aspects of estimates of unemployment. The Committee found the data available for estimating unemployment and underemployment to be inadequate and hence admitted that its conclusions were subject to a margin of error. The Committee felt that the concept of labour force as adopted in developed economies was unsuitable for the developing economies, with the preponderance of self-employment and labour contributed by family members to household enterprises who otherwise were not being available for outside work.

While their inclusion in labour force and in the calculation of unemployment became misleading, their exclusion would also fail to neglect the reality of economic situation. Further, there was very little open or outright unemployment throughout the year, but there was considerable seasonal unemployment or under-employment. In view of these, the Committee felt that the measurement of under employment solely in terms of man-years was inappropriate.

b. Report of the Dantwala Committee:

The Committee on Unemployment was set up by the Government of India in 1970 to assess the extent of unemployment and under-employment and to suggest remedial measures. They suggested a few measures to promote productive employment for the educated unemployed or assist them to become self employed.

The Committee wanted the banks to take a broad and liberal view of the categories of self-employed persons to be eligible for assistance and wanted them to extend their assistance to all classes of persons wanting to set up as self-employed persons in a profession or business activity.

c. Report of the Development Centre Employment series No.1

The findings of this report(1971) were that changes in employment structure in the service sector were very heterogeneous; and employment in different sectors grew at very

different rates from one sub-sector to another as do the sub-sectors themselves. But there was certainly no clear tendency for rates among self-employed and family workers to grow faster than wage employments. The number of jobs added in self-employment was greater or about the same.

d. A study of the Alumni of the Delhi University:

A study of the Alumni of the Delhi University conducted by the University of Delhi in collaboration with the Ministry of Labour and Employment in 1958 revealed that a very large majority of the Alumni under consideration, over four-fifths were working as 'employees'. When employment status of the alumni was examined in relation to sex, it was observed that in both the groups a larger proportion of women than men worked as employees. The next largest category of employment status was that of the 'self-employed'. These in the categories of employees and unpaid family workers formed very small minorities.

Among the alumni in the category of 'self-employed' it was observed that the largest majority had the legal practice. Nearly 78 per cent of the 'self-employed' of the 1954 group and 72 per cent of the 'self-employed' of the 1950 group were engaged in legal practice. Next came the proportion of those engaged in wholesale and retail business. About 15 per cent of the 1954 group and 14 per cent of the 1950 group were in this category.

e. Study on the Impact of Institutional Credit on Weaker sections:

A study was conducted by Chikara(1977) on the 'Impact of Institutional Credit on Weaker Sections in 1977. The specific objectives of his study were:

1. To study the credit requirements, credit advance and credit gap of weaker sections and
2. To examine the impact of credit on the income and employment

For this study, six villages of Hissar District were randomly selected. A list of households having monthly income less than Rs.400 was prepared. Detailed information regarding the credit required and credit received to carry out their day to day business, rate of interest, terms and conditions of the loans etc were collected from the selected households. Information on employment pattern before and after loans were also collected.

Chikara found out from his study that under weaker sections developmental programmes, banks provided desirable financial assistance to them. The advances given by the banks helped them in increasing the gainful employment and income. The cost of credit was also not very high. The study also revealed that the loans given by the banks were inadequate in comparison to their requirements. It was, therefore, suggested that the requirements of the borrowers

must be met. Otherwise, these people would again go into the hands of private money lenders.

f. The Mathew Committee on the National Employment Services:

The Mathew Committee on the National Employment Service (1979) studied comprehensively the working of the Employment Exchanges in the country. The committee, inter alia, wanted the promotion of self-employment schemes among the handicapped sections of the population and among the scheduled caste and scheduled Tribe groups.

g. Conclusion:

A review of these studies revealed that self-employment remained relatively an unexplored area of research and that an understanding of the behaviour pattern of the self-employed people would add to the body of knowledge about economic behaviour and that it would aid in understanding the economic inter-relations in the unorganised sector. Hence the present study.

III METHODOLOGY

The methodology adopted for the study on the role of a nationalised bank in promoting self-employment is discussed under the following heads:

- A. Selection of the area
- B. Selection of the units of the study
- C. Methods of data collection
- D. Tool of data collection
- E. Definitions of concepts used
- F. Methods of analysis applied
- G. Presentation of results

A. Selection of the area

The Ondipudur Branch of Canara Bank caters to the requirements of the suburban areas around it, namely Ondipudur, Irugur and Singanallur. For the purpose of the study, these suburban areas of Coimbatore were selected.

B. Selection of the units of the study

The list of all the people assisted under the self-employment scheme by the Ondipudur branch of the Canara Bank formed the sample frame for the study. Out of this frame were selected all the beneficiaries who had been assisted by the bank in their self-employment projects in the years 1978-79

and who were operating retail shops, firewood shops, tailor shops and tea stalls. These avenues of self-employment appeared to be small man's livelihood. The banks assistance has been made largely to those groups of self-employed and therefore the sample of the study was drawn from these groups. In all, eighty five beneficiaries were included in the study.

C. Method of data collection

Interview schedule has been selected for the purpose of data collection. It allows two-way communication (Clemens, 1976). Interview as a research tool, in a sense, is an oral type of questionnaire or schedule whereby the subject supplies needed information in a face to face relationship. It was found to be superior to other data gathering devices. The merits of this method of data collection had been eulogised by Sukhia (1976) on these grounds:

- a. People are usually more willing to talk than to write;
- b. The purpose and meaning of questions can be better explained to get valid responses;
- c. The sincerity and insight of the interviewee can be judged through cross-questioning;
- d. The depth and penetration of response can be achieved in areas where human motivation is revealed in the reasons for actions, feelings and attitudes concerned; and
- e. There is no chance for the respondent to edit his earlier answers in the light of later questions.

D. Tool of data collection:

The interview schedule framed for the purpose of the study consisted of the following sections:

- a. General information;
- b. Family background;
- c. Investment pattern;
- d. Employment pattern, and
- e. Details of the loan.

Separate schedules were prepared for the retailers, teastall operators, tailor shop owners and firewood shopkeepers as the nature of trade varied in these groups.

An interview schedule seeking information on bank finance to self-employment programmes was administered to the manager at the Ondipudur branch of the Canara Bank.

E. Definition of concepts used:

The study used the following operational definitions:

Self-employment:

Any form of employment wherein the person employed derives his income out of the goods or services provided by him to the society in his neighbourhood.

Retailers:

The term 'retailers' include all those who engage themselves in selling provisions, vegetables, stationary items, toilet goods and fancy things or anyone or more of these items.

'Bank assistance':

'Bank assistance' means any form of financial accommodation - short term, medium term or long term obtained from the bank for the purpose of initiating or improving the business of the self-employment.

'Income from self-employment:_____

This is equated with the net income derived by the self-employed person. Income from self employment is the difference between the gross income of one's business and the normal business expenses.

F. Methods of analysis applied:

The methods of critical ratio, viability ratio and profitability ratio have been applied in the analysis of data.

Critical ratio:

Critical ratio is a measure of the dispersion of the business units in respect of the chosen variable: investment, income, monthly income etc. It was defined as the ratio of the maximum value to the minimum value in respect of the particular variable.

Viability ratio:

Viability ratio in this study was used as an index of performance of the units of the self-employed persons.

The viability ratios was calculated using the formula:

$$\text{Viability ratio} = \frac{\text{Turnover}}{\text{Investment}} \times 100$$

Profitability ratio:

Profitability ratio was used as an index of efficiency of the self-employed persons. The formula is:

$$\text{Profitability ratio} = \frac{\text{Net income}}{\text{Investment}} \times 100$$

G. Presentation of results:

The data collected has been cross-classified, tabulated and discussed in the next chapter.

IV RESULTS AND DISCUSSION

The results of the study on the role of a nationalised bank in promoting self-employment are presented and discussed under the following heads:

- A. The characteristics of the self-employed persons ;
- B. The profile of their business units;
- C. The nature and volume of bank's assistance; and
- D. The performance and efficiency of the self-employed persons in terms of their caste groups, family types, educational status and business types.

A. The characteristics of the self-employed persons:

The demographic characteristics of age and sex, the social variables of education, type of the family and caste of the family condition the attitudes towards enterprise and risk-taking in individuals. Hence, the position of the self-employed persons with regard to these variables were analysed.

Table II gives the distribution of self-employed persons by their sex and age.

TABLE II

SELF-EMPLOYED PERSONS CLASSIFIED BY AGE AND SEX				
S.No.	Age range	Males	Females	Total
1.	21-30	12(18.5)	4(20)	16(18.8)
2.	31-40	27(41.5)	11(55)	38(44.7)
3.	41-50	16(24.6)	4(20)	20(23.5)
4.	51-60	10(15.4)	-	10(11.8)
5.	61-70	-	1(5)	1(1.2)
Total		65(76.5)	20(23.5)	85(100)

Foot note: Figures in parantheses in the last row are percentages of the row total. In all others, they are percentages of the column total.

In the self-employment group 76.5 per cent were men, the West being women. Typically, they were in their thirties. However, a large proportion of them were less than 50 years of age.

Table III shows the educational levels of these self-employed persons.

TABLE III

EDUCATIONAL STATUS OF SELF EMPLOYED PERSONS				
S.No.	Educational level	Males	Females	Total
1.	Illiterate	1(1.6)	5(21.7)	6(7.1)
2.	Primary level	27(43.6)	8(34.8)	35(41.1)
3.	Secondary level	34(54.8)	10(43.5)	44(51.8)
	Total	62(72.9)	23(27.1)	85(100)

The majority of the self-employed persons(52 per cent) had secondary education. The illiterates were very negligible.

Self-employment necessarily involves greater risks than paid-employment. The attitude towards risk-taking is conditioned to some extent by the family environment. The types of families from which these self-employed people have come are given in Table IV.

TABLE IV

SELF-EMPLOYED PERSONS BY TYPE OF FAMILY			
S.No.	Family size	Number of families	As percentage to total
1 .	Nuclear	55	64.7
2.	Joint	30	35.3
	All families	85	100

Nearly 65 per cent of the self-employed persons hailed from nuclear families implying that their initiative and drive would be greater than others. The investigator expected that their disposition towards risks would differ and this hypothesis was subsequently tested with a comparison of their business performance.

Another social factor that conditions the enterprising qualities of individuals is the caste from which they hail from. By and large, one's caste determines the social environment in which one grows up during which period the qualities of adjustment, perception of opportunities, capacity for quick decisions, etc., are developed. Hence, the caste composition of the self-employed group was taken for analysis, not only as an element of background information relating to the self-employed group, but also as a factor that would influence their business performance.

The caste composition of the self-employed persons is given in Table V.

TABLE V

CASTE COMPOSITION OF THE SELF-EMPLOYED			
S.No.	Caste	Number of self-employed persons	As percentage to total
1.	Gounder	23	27.1
2.	Thevar	12	14.1
3.	Maidu	11	12.9
4.	Nadar	10	11.8
5.	Chettiar	9	10.6
6.	Others	20	23.5
	Total	85	100.00

Foot note: The term 'others' include the castes of Gowder, Pandaram, Nair, Mudaliar, Asari, Pillai, Maharathi, Gadhar and Bhatsha from which four or less than four self-employed persons were reported.

The Gounders, whose flair for independent means of livelihood is well-known, their traditional occupation being agriculture, also gave rise to the largest number (27.1 per cent) of self-employed persons. They were followed by the other castes of Thevar (14.1 per cent), Maidu (12.9 per cent) Nadar (11.8 per cent) Chettiar (10.6 per cent) and other castes (23.5 per cent).

B. The profile of the business units:

The profile of the business units operated by the self-employed persons is given in terms of the type of business;

ownership of business premises, amount of investment; bank's contribution to investment; amounts invested in hand and buildings; working capital needs; monthly turnover; net incomes from the business; nature of merchandise and frequency of purchase of merchandise; details of shop-keepers practising price discrimination; problems faced in regard to customers; generation of family and paid employment in the business; their wages and transfer earnings.

1) Business:

The break up of self-employed persons according to their business are given in Table VI.

TABLE VI

SELF-EMPLOYED PERSONS CLASSIFIED BY BUSINESS			
S.No.	Business	Number	As percentage to total
1.	Retail shop-keepers	40	47.1
2.	Tea stall operators	20	23.5
3.	Firewood shop-keepers	15	17.6
4.	Tailoring shop owners	30	11.8
	Total	85	100

A large per cent of the self-employed persons (47.1) were engaged in retail trade. About 23.5 per cent of them were operating tea stalls. Running of tea stalls became a paying proposition for these people on account of the large number of textile mills and other industrial units that are located in the area of study. A steady flow of consumers were assured from the labour employed in these industrial units.

Since the area was predominantly occupied by labouring classes for whom the superior grades of household fuel, kerosene gas etc., were a rarity, the fire-wood shops also could get going. This explains why a significant percentage of the self-employed people had chosen that as their business.

ii) Ownership of business premises:

Information was obtained from the self-employed persons on the nature of the premises in which they operated their business. The details regarding premises are given in Table VII.

TABLE VII

OWNERSHIP OF BUSINESS PREMISES			
S.No.	Type of the venture	Number of self-employed representing	
		Owned premises	Rented premises
1.	Retail shops	13(48.1)	27(46.6)
2.	Tea stalls	6(22.2)	9(15.5)
3.	Firewood shops	2(7.4)	8(13.8)
4.	Tailoring shops	6(22.2)	14(24.1)
	Total	27(31.8)	58(68.2)

Foot note: Figures in paranthesis in the last row represent percentages of the row total. In all others they are percentages of the column total.

Number of self-employed persons operating their business in hired premises (68.2 per cent) was considerably higher than those operating in owned premises(31.8 per cent).

If we take that the self-employed persons operating in owned premises have had their roots in the area, it is evident that the others had been more resourceful and enterprising inventuring to operate from hired premises.

iii) Investment:

The pattern of investment of the self-employed persons can be seen from Table VIII.

TABLE VIII
PATTERN OF INVESTMENT IN SELF-EMPLOYED VENTURES
(in Rupees)

Sl. No.	Category of self-employment	Average amount invested	Maximum amount invested	Minimum amount invested	Critical ratio of investment
1.	Retail shops	2690	7000	900	7.8
2.	Tea stalls	3000	6000	1500	4.0
3.	Firewood shops	1375	2700	400	6.8
4.	Tailoring shops	3625	6000	2200	2.7
	All categories	2810	7000	400	17.5

Foot note: In this and subsequent tables the average amount has been rounded off to the rupee.

The average amount of investment was the lowest in tailoring shops (Rs.1,375) and the highest in tea stalls (Rs.3,625). Between grocery shops and firewood shops, the latter demanded a larger amount of investment (Rs.3,000) as against the former (Rs.2,690). The mean amount invested in self-employment projects was Rs.2,810.

The extent of variation in investment within a business is shown by the critical ratio of investment in the particular business. A larger critical ratio implies that there are considerable variations among the units in that business, whereas a smaller ratio implies that the variation within the units in the business is rather small, and that these units tend to be more or less identical as far as investment is concerned. The critical ratio of investment illustrates the degree of dispersion. It was the lowest for the tea stall (4) and the highest for retail shops (7.8).

TABLE IX
BANK VIS-A-VIS INDIVIDUAL CONTRIBUTION TO INVESTMENT
IN SELF-EMPLOYMENT

(in Rupees)

Sl. No.	Type of self-employment	Own contribution	Bank's contribution	Critical ratio
1.	Retail shops	1185	2539	2.1
2.	Tea stalls	1467	1533	1.1
3.	Firewood shops	770	605	0.8
4.	Tailoring shops	1860	1765	0.9
	All categories	1345	1952	1.5

The individual's contribution and the bank's contribution in promoting the self-employment projects were the lowest in tailoring shops. In retail shops, bank's contribution was nearly twice as much as the individuals contribution.

The critical ratio of bank's contribution was less than own contribution in tailoring shops ^{and} tea stalls where as it was equal to own contribution in fire wood shops and exceeded own contribution in retail shops.

The details on the amounts the self-employed persons have invested in land and buildings are given in Table X.

TABLE X

DETAILS ON AMOUNTS INVESTED IN LAND AND BUILDINGS

(in Rupees)						
S1. No.	Type of self-employment	Number in owned premises	Average amount invested in land	Average amount invested in building	Total amount invested in land and building	Critical ratio of investment in land and building
1.	Retail shops	13	5685	3323	9208	1.8
2.	Tea stalls	6	11000	9167	20167	1.2
3.	Firewood shops	6	2667	2033	4700	1.3
4.	Tailoring shops	2	6000	5150	11150	1.2
	All categories	27	6315	4470	10785	1.4

In the aggregate, 27 self-employed persons (31.8 percent) reported that they owned the land and buildings in which they operated their business. The highest investment on these was made by the tea stall operators (Rs.20,167) and the lowest investment was made on these aspects by firewood shop-keepers (Rs.4,700).

The least amount (Rs.2,667) was invested in land by the firewood shops, while the largest investment was invested in land by the tea stall owners (Rs.11,000). The amount invested in building was not as high as the amount invested in land, in any of these categories of self-employed business. On an average an amount of Rs.10,785 has been invested in land and buildings by the self employed persons.

iv) Working capital needs:

The working capital needs of the self-employed persons are given in Table XI.

TABLE XI

REQUIREMENTS OF WORKING CAPITAL

Sl. No.	Type of self-employment	Amount needed per month	Working capital		
			Minimum amount	Maximum amount	Critical ratio
1.	Retail shops	881	3000	300	10
2.	Tea stalls	1313	5000	800	25
3.	Firewood shops	1567	4000	500	8
4.	Tailoring shops	205	500	100	5
	All groups	1024	5000	100	50

The requirements of the self-employed persons regarding the funds they needed for running their business revealed that tailoring shops required the least amount of funds (Rs.205 per month). The firewood shops required the largest amount (Rs.1,567) of working capital, followed by tea stalls (Rs.1,313). Altogether the self employed persons needed about Rs.1,000 as working capital to operate their business.

The critical ratio of working capital varied from 5 for tailoring shops to 25 for tea stalls. The excessively high critical ratios of working capital of tea stalls reflects the differences in the scale of the business units in this category.

v) Monthly turnover:

The data on monthly turnover in these business ventures is summarised in Table XII.

TABLE XIII

MONTHLY TURNOVER BY TYPE OF SELF-EMPLOYMENT

Sl. No.	Type of venture	Average amount	Minimum amount	Maximum amount	Critical ratio
1.	Retail shops	1820	4500	500	9
2.	Tea stalls	2398	8000	700	11.4
3.	Firewood shops	2747	6000	1200	5
4.	Tailoring shops	580	800	300	2.7
	All categories	1974	3000	300	26.7

The mean turnover of the self employed group was Rs.1974.

Turnover was the highest in firewood-shop (Rs.2747) followed by tea stalls (Rs.2400) and retail shops (Rs.1820) and tailoring shops (Rs.580). The tailoring shops differed from other projects of self-employment included in the study. All the other self-employment projects required that the enterprises invested funds in the purchase of products being stored until sales or until they are used up. In these categories, the firewood shops that had the highest turnover had also the lowest critical ratio of turnover, unlike the other two where critical ratios were much higher.

vi) Net incomes:

The details on the current net incomes of the self-employed persons and how they compared with their incomes in previous occupations are summarised in Table XIII.

TABLE XIII

PAST AND CURRENT INCOME STATUS OF SELF-EMPLOYED PERSONS

Sl. No.	Type of venture	Past income			Critical ratio	Current income			
		Average	Minimum	Maximum		Average	Minimum	Maximum	Critical
1.	Retail shops	265	100	500	5	406	200	1000	5
2.	Tea stall	381	280	750	3.8	1480	200	1000	5
3.	Firewood shops	266	60	500	8.3	360	200	1600	3
4.	Tailoring shops	183	150	300	2	310	200	500	2.5
	All categories	248	60	750	12.5	404	200	1000	5

After the group has taken to self-employment, the individual incomes have increased by 63 per cent.

The current incomes of the self-employed persons in all categories of self-employment were found to be higher than their past incomes. This showed that enterprise had rewarded them suitably and improved their incomes position.

While the dispersion of income had remained the same among retail shop-keepers, it had vastly improved in people operating firewood shops, with the sharp reduction in critical ratio from 8.3 to 3. Among the people engaged in operating tailoring shops and tea stalls, the critical ratios had increased indicating that inequalities in income had widened in these groups.

vii) Merchandise:

Most of the retailers were found to be engaged in selling some or more of these items: toilet goods/detergents (24.8 per cent), vegetables (22.9 per cent), provisions (20.2 per cent), fancy goods (13.8 per cent), stationery items (12.8 per cent) and other items (4.6 per cent). The sale of vessels was found to be negligible (0.9 per cent).

In the tea stalls, only 25 per cent of them supplied non-vegetarian items and the others were strictly vegetarian. Tiffin, meals, savouries and beverages were the normal items of sale.

Cool drinks and sweets were found to be comparatively less dominant. All the shops had their own vessels and utensils.

With regard to the tailoring shops, the entire group (100 per cent) was stitching both for ladies and gents. All of them were stitching blouses, shirts frocks, skirts and petti-coats. Stitching of pants and half-pants were comparatively less significant (80 per cent and 90 percent respectively).

Information on the frequency in which the retail and firewood shops purchased their merchandise is given in Table XIV.

TABLE XIV

FREQUENCY OF PURCHASE OF MERCHANDISE						
Business venture						
Frequency	Retail shops		Firewood shops		Total	
	No.	%	No.	%	No.	%
Daily	15	37.5	4	26.7	19	34.5
Weekly	24	60.0	9	60.0	33	60.0
Monthly	1	2.5	2	13.3	3	5.5
Total	40	100.0	15	100.0	35	100.0

Weekly replenishment of stock of goods was the normal practice adopted by the shop-keepers (60.0 percent). Daily purchase of merchandise ranked next (34.5 per cent). Stocking goods

for longer periods was relatively unknown to this group. The frequency of purchase of merchandise was reflective of the fact that working capital had a relatively quick turnover in this group.

viii) Price discrimination:

Details on the number of shopkeepers who resorted to the price discrimination practices are furnished in Table XV.

TABLE XV

DETAILS OF SHOP-KEEPERS PRATISING PRICE DISCRIMINATION					
Sl. No.	Business venture	Price discrimination			
		Nos.	Practising	Nos.	Succeeded
1.	Retail shops (40)		10(25%)		9(90%)
2.	Firewood shops (15)		6(40%)		6(100%)
3.	Total (55)		16(29%)		15(93.7%)

Foot note: Figures in parantheses in the second column represent percentages of the group specitif total. In last column, they are percentages of the totals, occuring in column two.

Twenty nine per cent of the retail and firewood shopkeepers reported that they practised price discrimination. All except one of them admitted that they were successful in this practice.

Among the self-employed persons who reported that they faced competition in their business, nearly 38 per cent of them reported that they faced competitive price cutting. Next largest group (30 per cent) reported that they faced competition from the point of view of the quality of the products, followed by those who mentioned that they faced competition through best services. The other 30 per cent reported competition took the forms of delicious preparations.

The problems faced by these self-employed persons with their customers are enumerated in Table XVI.

TABLE XVI

PROBLEMS FACED BY THE SELF-EMPLOYED REGARDING CUSTOMERS			
S.No.	Problem	Number mentioning	As percentage to total
1.	Not regular	17	58.6
2.	Asking for credit	7	24.1
3.	Prefer to use substitutes	4	13.8
4.	Complain about the quality	1	3.4
	Total	29	99.9

Thirty five per cent of the self-employed persons reported that they had problems in regard to their customers. They were not assured of regular customers(58.6 per cent) and they had to sell on credit basis which they found difficult with their meagre funds (24.2 per cent).

ix) Employment generation:

Data on the employment that the self-employment projects had generated for their family members as well as others are tabulated in Table XVII.

TABLE XVII

FAMILY AND PAID EMPLOYMENT IN SMALL BUSINESS

Sl. No.	Type of business	Family employment			Paid employment			Both	As percentage to total
		No. of families	Adults	Children	No. of families	Adults	Children		
1.	Retail shops	21	28	-	6	1	5	26	31.7
2.	Teastalls	16	23	-	12	21	9	28	34.1
3.	Firewood shops	4	5	-	14	16	-	18	22.0
4.	Tailoring shops	7	12	-	2	2	-	9	11.0
	All categories	48	68	-	34	40	14	32	99.9

Among the self-employed group, 82 of them were found to provide employment opportunities. Tea stalls among others have employed a large proportion of people constituting both family members and paid workers.

The wages imputed to the family members whose services were used in operating the business were specified by the respondent themselves. These together with the wages they paid for hired employees are given in Table XVIII.

TABLE XVIII

WAGES FOR PAID AND FAMILY WORKERS				

Daily wages				
Business	Family workers		Paid workers	
	Adults	Children	Adults	Children

Retail/shops	1.90	-	4.00	1.50
Tea stalls	2.75	-	5.50	2.00
Firewood shops	3.42	-	2.00	-
Tailoring shops	2.43	-	4.50	-

The imputed value of wages for the family workers was found to be the highest in firewood shops (Rs.3.42) followed by teastalls (Rs.2.75), tailoring shops (Rs.2.43) and retail shops (Rs.1.90).

The information on the transfer earnings of the self-employed was also elicited in the form of the earnings they would have earned in their alternative occupations, for similar work. The difference between their actual earnings in their avenues of self-employment and the transfer payments is considered as the rent element in their earning. The latter, so to say, constitute the rent of their enterprising ability (Stonier and Hague, 1976).

Table XIX gives information on their current earnings, transfer earnings and rent of ability.

TABLE XIX

AVERAGES OF CURRENT EARNINGS, TRANSFER EARNINGS AND RENT OF ABILITY OF SELF-EMPLOYED PERSONS
(in Rupees)

S.No.	Type of self-employment	Average current earnings	Average transfer earnings	Average rent of ability
1.	Retail shops	406	152	254
2.	Tea stalls	480	171	309
3.	Firewood shops	360	167	193
4.	Tailoring shops	310	179	131
	All categories	404	164	240

The rent of ability was positive for all the self-employed persons. The rent element of the current earnings

constituted 59.4 per cent of their earnings. The most remunerative occupation of the four was tea stalls followed by retail shops, firewood shops, and tailoring shops.

C. The Nature and Volume of Bank Assistance:

From the responses to the questionnaire issued to the bank the investigator gathered that the bank loans take the form of over-drafts and cash credits for the purpose of nursing and expanding the self-employment projects. The loans are classified into short term, medium term and long term loans and the duration of these loans are within a year, 1-3 years and above 3 years respectively. The interest rates, however, depend upon the purpose for which the loans are made. The special role of the bank in promoting self-employment have been the adoption of villages. The villages adopted are assisted by the bank in its reconstruction and development activities. The loans are given on the basis of personal securities and movable and immovable properties.

The borrowers to be eligible for loans should assure the bank about the marketability of their products, besides the surity provided to them. The surity will be accepted depending upon the credibility of the individuals.

TABLE XX

PURPOSE FOR WHICH LOANS WERE TAKEN FROM BANKS

S.No.	Purpose	Number reporting				Total
		Retail shop keepers	Tea stall operators	Firewood shop-keepers	Tailoring shop owners	
1.	Working capital needs	18(45)	4(20)	10(66.7)	-	32(37.6)
2.	Buying sewing machines	-	-	-	9(90)	9(10.6)
3.	Effecting improvements	15(37.5)	16(80)	5(33.3)	1(10)	37(43.5)
4.	Setting up the business	7(17.5)	-	-	-	7(8.2)
	Total	40(47.0)	20(23.5)	15(17.6)	10(11.8)	85(99.9)

Foot notes: Figures in parantheses in the last row represent percentages of the row total. In all others, they are percentages of the column total.

Only in seven cases out of eighty five, the bank had helped the self-employed people from the scratch, for setting up the business. In all others, the bank's role had been concerned with the provision of funds for working capital requirements (37.6 per cent), and for the purchase of machines (10.6 per cent) and for effecting improvements in the business (43.5 per cent).

The amounts of financial assistance rendered by the bank to the self employed persons are shown in the Table XXI.

TABLE XXI

FINANCIAL ASSISTANCE RENDERED BY THE BANK TO THE SELF-EMPLOYED
(in Rupees)

Sl. No.	Type of self-employment	Financial assistance rendered			Critical ratio
		Average amount	Minimum amount	Maximum amount	
1.	Retail shops	2539	500	4000	8
2.	Tea stalls	1765	1000	3000	13
3.	Firewood shops	1533	600	4000	6.7
4.	Tailoring shops	605	100	1000	10
	All categories	1952	100	4000	40

The bank's assistance per unit amounted to Rs.1952. On an average, retail shopkeepers had obtained the higher amounts of funds

from the bank (Rs. 2,539), the others in order were: tea stalls (Rs. 1,765), Firewood shops (Rs. 1,533) and tailoring shops (Rs. 605).

A comparison of the critical ratios of the bank assistance for different groups of self-employment revealed that the bank loans were more evenly distributed among tea stall operators (3) than among firewood shop owners (6.7), retail shopkeepers⁽⁸⁾ and tailoring shops (10). Considering all categories, it was 40.

One of the complaints of the common man against the financing of banks is that they take unduly long time for processing the loan applications submitted to them and for taking a decision regarding sanctioning of loans. To understand how far the banks had reduced the delays in sanctioning loans, the time taken by the bank under study for processing the loan application and sanctioning the loans was found out. The details are given in Table XXII.

TABLE XXII

TIME TAKEN FOR SANCTIONING THE LOAN		
S.No.	Time taken for sanctioning	No. of self-employed reporting
1.	With a week	14(16.5)
2.	With a fortnight	31(36.5)
3.	Within a month	24(28.2)
4.	More than a month	16(100.0)
	Total	85(100.0)

In 16.5 per cent of cases, the bank was extraordinarily quick and had sanctioned the loans even within a week. About 37 per cent of the loan applications from self employed persons were disposed of by the bank, in less than a fortnight. In another 18.8 per cent of applications, it took more than a month to sanction the loans. Perhaps, these self-employed persons did not satisfy all the stipulations that the bank had laid down, in forwarding their applications. By and large, the bank has been alive to the needs of the self-employed persons and the priority that it gave for lending to this sector is only too obvious from the quick decisions it had taken regarding the sanction of loans to these applicants.

The duration of loans which the self-employed persons have availed of are given in Table XXIII.

TABLE XXIII

DURATION OF LOANS AVAILED OF BY THE SELF-EMPLOYED PERSONS		
S.No.	Duration of loan	Number availing
1.	Short term	6(7.1)
2.	Medium term	79(92.9)
	Total	85(100)

Foot note: Figures in brackets represent percentages.

By and large, the banks had provided medium term loans to the self-employed persons, no one has been provided with long term loans, while 7.1 per cent of them have availed of short term loan facilities from the bank.

The rate of interest collected for medium term loans (1-3 year) was 15 per cent and for the short term loans it was 12 per cent. Loans given under Differential Interest Rate Scheme had only 9 per cent of the interest rate.

It was found that the bank was content with providing financial assistance. No provision was made to provide either technical assistance or market information. The nature of the business units operated by the self employed persons were such that the banks did not have much to contribute in this regard.

D. Performance and Efficiency of the Self-employed Persons in terms of their Caste Groups, their Family Types, their Educational Status and Business Types:

The performance and efficiency of the self-employed persons were analysed in terms of caste groups, family types, educational status and type of business. The possible impact of these variables on their performance and efficiency was studied.

TABLE XXIV

PERFORMANCE AND EFFICIENCY OF THE SELF-EMPLOYED BY THEIR CASTES

S.No.	Items	Caste of the self-employed					
		Gounder 23	Thevar 12	Naidu 11	Nadar 10	Chettiar 9	All categories 65
I. <u>Average values</u>							
1.	Bank's contribution	1354	1186	1705	2480	1372	1558
2.	Investment	2798	2471	2886	4110	2550	2920
3.	Own contribution	1443	1283	1182	1630	1178	1362
4.	Turn over per month	1911	1750	2250	2540	2311	2091
5.	Net income per month	359	375	327	495	472	393
6.	Profitability ratio	12.8	15.2	11.3	12.4	18.5	13.5
7.	Viability ratio	68.5	70.8	77.8	61.8	90.6	71.6
II. <u>Critical ratios</u>							
8.	Investment ratio	5	8	6	5.4	3.3	17.5
9.	Own contribution ratio	7.5	10.0	6	6	6.7	10
10.	Bank contribution ratio	10	13.3	5	6.3	3.3	16.7
11.	Turnoverratio	7.5	6	10	18.8	13.3	16

The investment capabilities of the Nadar group are superior to those of others. This group had the largest average investment in the business Rs,4,110, while all others had their average investment in the range of Rs,2,500 to Rs,3,000. Corresponding to the highest investment made by this group, it also recorded the highest average turnover (Rs.2,540) as against others.

The bank's contribution to the investment in these business ventures was directly proportionate to the average levels of investment in them. The lower the average investment, the lower was the bank's contribution; the higher the average investment, the higher the bank's contribution.

Against the high levels of average investment made by the Nadar group they had the lowest viability ratio (61.8 per cent) and profitability ratio (11.3 per cent). This is a disturbing factor calling for investigation into the business practices of this group.

Apart from the self-employed persons belonging to Nadar community whose performance did not match the funds invested by them in business, among the other communities, the bank's assistance was fairly and evenly distributed in the order: Chettiars(3.3:1), Naidus(5:1), Gounders (10:1) and Theavars (13.3:1) By and large, the degree of distribution of the bank assistance among the self-employed persons in each of these categories had a direct bearing on their viability. The lower the degree of dispersion in bank's

assistance, the greater the ratios of viability. Chettiars with effective assistance from the banks benefited the most, by very high profitability and viability ratios, followed by self-employed in "aidu, Thevar and Gounder communities.

Direct relationship between viability and profitability ratios obtained only among self-employment in Chettiar, Gounder and "aidu caste groups, while in the other two, the inverse relationship was found between these two performance indices.

The size of distribution of units among the Chettiar community was the most even of all and this group of units had the highest profitability and viability ratio.

Units were of widely differing sizes in Thevar group, followed by "aidus, and in these two groups, the relationship between profitability and viability was not clear and certain.

The impact of schooling levels of the self-employed persons on their business performance was also analysed. The relevant data that have a bearing on the relationship between schooling and business is given in Table XXV.

TABLE XXV

IMPACT OF SCHOOLING ON THE PERFORMANCE AND EFFICIENCY
OF THE SELF-EMPLOYED

S.No.	Items	Illiterate (6)	Elementary education (35)	Secondary education (44)	All categories (85)
I. <u>Average values:</u>					
1.	Investment	2192	2701	2863	2749
2.	Bank's contribution	1042	1420	1491	1430
3.	Own contribution	1150	1283	1418	1262
4.	Turnover per month	1492	1807	2156	1965
5.	Net income per month	292	396	435	409
6.	Profitability ratio	13.3	30.9	15.2	18.7
7.	Viability ratio	68.1	140.9	75.3	71.5
II. <u>Critical ratios:</u>					
8.	Investment ratio	3.2	15	11.7	17.5
9.	Bank's contribution ratio	2	30	16.7	50
10.	Own contribution ratio	7.5	10	10	10
11.	Turnover ratio	3.6	6.2	20	20

As in the case ^t groups, the bank's assistance was in proportion to the average levels of investment in groups with different levels of education. The average level of investment in business itself increased with increases in levels of education. Average turnover figures also exhibited a similar relationship with the levels of education of the self-employed persons.

Profitability and viability ratios which show the efficiency of the business performance of different groups, however, did not show a direct relationship with the levels of education. Performance-wise, self-employed persons with highest levels of profitability and viability ratios (30.9 per cent and 140.9 per cent respectively) while those with secondary education were half as efficient as the former. The performance of the illiterate self-employed persons was not as efficient as those of the educated, but they come close-enough to the performance of the group which had secondary education.

The data indicated that while education influenced positively one's efficiency of performance, the enterprising qualities of individuals are quite different from the ones in individuals cultivated by schooling.

The efficiency and performance of the self-employed people hailing from nuclear and joint families are discussed in Table XXVI.

TABLE XXVI
PERFORMANCE AND EFFICIENCY OF THE SELF-EMPLOYED BY
THE TYPE OF FAMILY

(in Rupees)				
S.No.	Items	Type of family		All categories
		Nuclear	Joint	
I. <u>Average values:</u>				
1.	Investment	2625	3145	2574
2.	Bank's contribution	1349	1665	1461
3.	Own contribution	1276	1483	1349
4.	Turnover per month	1794	2313	1977
5.	Net income per month	405	437	416
6.	Viability ratio	68.3	73.6	70.4
7.	Profitability ratio	15.4	13.9	14.8
II. <u>Critical ratios:</u>				
8.	Investment ratio	15	4.8	15
9.	Bank's contribution ratio	50	18	50
10.	Own contribution ratio	10	6	10
11.	Turnover ratio	20	16	26.7

Business units started by self-employed persons from joint families had more of investment and bank funds with them than the ones started by self-employed persons from nuclear families. The capacity to mobilise funds of the persons from joint family is definitely greater than that of individuals coming from nuclear families.

There was less dispersion in the size of the units owned by persons from joint families (5:1) than in those owned by the nuclear families.

Viability-wise, also, the units of the joint families fared better than the business units of the nuclear families. No clear relationship obtained between profitability and viability ratios.

An analysis of the performance of the self-employed persons businesswise can be seen from Table XXVII.

TABLE XXVII

PERFORMANCE AND EFFICIENCY OF THE SELF-EMPLOYED BY THEIR BUSINESS

S.No.	Items	Type of self-employment				
		Retail shops (40)	Tea stalls (20)	Firewood shops (15)	Tailoring shops (10)	All categories
I. <u>Average values:</u>						
1.	Investment	2690	3625	3000	1375	2810
2.	Bank's contribution	2539	1765	1593	605	1952
3.	Own contribution	1185	1860	1467	770	1345
4.	Turnover per month	1820	2398	2747	580	1974
5.	Net income per month	406	480	360	310	404
6.	Profitability ratio	15.1	13.2	12.0	22.6	12.2
7.	Viability ratio	67.7	66.1	97.6	42.2	59.9
II. <u>Critical ratios:</u>						
8.	Investment ratio	7.8	2.7	4	6.8	17.5
9.	Bank's contribution ratio	8	3	6.7	10	40
10.	Own contribution ratio	7.5	3	6	6.7	10
11.	Turnover ratio	9	11.4	5	2.7	26.7

The table reveals that retail shops were given preferential treatment by banks in terms of larger funds. Bank finance obtained for the retail shops was proportionately more than the finance obtained by the other classes of self-employed persons. In other kinds of business projects, the funds for the projects directly varied with the average levels of investment in them.

The overall profitability ratio was 12.2 per cent for the self-employed group. Tailoring shops (22.6 per cent) were the most profitable of all the business ventures undertaken by the group followed by retail shops(15.1 per cent).

V SUMMARY AND CONCLUSION

The study on the role of a nationalised bank in promoting self-employment was taken up with the following objectives:

- A. To find out the characteristics of the clientele beneficiaries from the scheme.
 - B. To find out the effectiveness of the bank loans for prosecuting self-employment
 - B. To suggest ways and means by which the scheme can be expanded quantitatively and qualitatively.
 - D. To suggest measures for strengthening the mutual relationship between the banks and the clientele group.
- and E. To find out how far employment generation is possible by the loans provided by the banks

The study covered eighty-five beneficiaries under the self-employment promotion programme of the Canara Bank in Coimbatore during the reference period 1978-79. The data for the study was collected by the direct personal investigation method.

The findings of the study are summed up below:

The characteristics of the self-employed persons:

1. In the self-employed group 76.5 per cent were men. Typically they were in their thirties.

2. The majority of the self-employed persons(52 per cent) had their secondary education. The illiterates were negligible.
3. Nearly 65 per cent of the self-employed persons hailed from nuclear families.
4. Gounder was the largest caste group forming nearly 27 per cent of the total. They were followed by Thevar (14.1 per cent), Naidu(12.9 per cent), Nadar (11.8 per cent) and Chettiar (10.6 per cent).

The profile of the business units:

5. Forty-seven per cent of the self-employed persons were engaged in retail trade. Tea stall operators(23.5 per cent) came next followed by firewood shop keepers (17.7 per cent) and tailors (11.9 per cent).
6. The average amount invested in self-employment projects was Rs, 2,810. On an average, an amount of about Rs.10,800 has been invested in land and buildings. Altogether, the self-employed persons needed about Rs.1000 as working capital to operate their business. Their monthly turnover was nearly Rs,2,000.

7. Self-employment has increased the incomes of the individuals by 63 per cent.
8. The average amount of investment was the lowest in tailors shops (Rs.1,375) and the highest in tea stalls (Rs.3,625). As between the retail shops (Rs.2,620) and firewood shops (Rs.13,000), the latter needed a large amount of investment.
9. The individual contribution as well as the bank's contribution was the highest in retail shops and the lowest in tailor shops.
10. The critical ratio of investment was the lowest for tea stalls(4) and the highest for retail shops(7.8). The variation in the size of the tea stall was much less than the variation in the size of the retail-shops.
11. The majority of their businesses(68 per cent) were operated in hired premises and 32 per cent of them reported that they owned land and buildings in which they operated their business. The highest investment on these was made by the tea stalls(Rs,20067) and the lowest by the firewood shops (Rs.4700).

12. With regard to the working capital, the tailor shops required the least amount (Rs.205 per month) as against the firewood shops that required the highest amount (Rs.1567 per month).
13. Turnover too was the highest for firewood shops and the lowest for the tailor shops.
14. The current incomes of all the self-employed persons in all categories of self-employment were found to be higher than their past incomes.
15. Weekly replenishment of stock of goods was the normal practice adopted by the self employed persons in purchasing their merchandise.
16. Among the 29 self-employed persons who reported that they had problems with their customers, 58.6 per cent of them reported that they were not assured of regular customers.
17. Tea stalls, among others had a relatively larger employment potential both family employment and paid employment than others.
18. The imputed value of wages for the family workers was found to be the highest in firewood shops and the lowest in retail shops.

19. The rent of ability was positive for all the self-employed, the most remunerative being the tea stalls.

The nature and volume of bank assistance

20. With regard to the purpose for which the loans were lent, about 44 per cent of the loans were lent for effecting improvements in the business.
21. The amount of assistance rendered by the bank was on an average Rs, 2000 per unit. By and large, the bank was alive to the needs of self-employed persons and the priority that it gave for lending to this sector was seen in the quick decisions it took on the loan applications from the group of self-employed persons. Ninety-three per cent of the bank loans sanctioned to the self-employed group were medium term loans.
22. On an average retail shopkeepers had obtained higher amounts of funds than others.
23. In a majority of loan applications, the bank took within a fortnight (37 per cent), to sanction the loans,

The performance and efficiency of the self-employed persons in terms of their caste, family types, educational status and business types:

a. Influence of caste on performance in business

24. The investment capabilities of the Nadar group were superior to others.
25. The bank's contribution to the investment in these business ventures was directly proportionate to the average levels of investment in them.
26. The lowest viability and profitability ratios were found in the Nadar group.
27. Direct relationship between viability and profitability obtained in Chettiar, Gounder, and "Aidue caste groups while there was inverse relationship between these two performance indices in Nadar and Thevar caste groups.

b. Impact of schooling on the business performance

28. The bank's assistance was in proportion to the average levels of education. The average level of investment in business itself increased with increased levels of education. Average turnover also exhibited a similar relationship.

29. Profitability and viability ratio did not show a direct relationship with the levels of education
 30. Self-employed persons with primary education were the most efficient with high levels of profitability.
- c. Influence of the type of family on the business performance
31. Business units started by the persons from joint families had more of investment and bank's funds than the ones who hailed from nuclear families.
 32. Viability wise also, the units of the joint families fared better than business units of the nuclear families.
- d. The impact of the nature of business on performance and efficiency of the group
33. Bank finance obtained by the retailshops was proportionately more than the finance obtained by the other classes of self employed persons.
 34. The bank finance directly varied with the average levels of investment made by the self-employed.
 35. The overall profitability ratio was 12.2 per cent for the self-employed group.

36. Tailoring shops(22.6 per cent) appeared to be the most profitable of all the business ventures undertaken by the group followed by retail shops.

Conclusion

The study revealed that the self-employed persons who benefited from bank assistance were, by and large, persons of small means. They have been operating their business units on fairly viable lines. Their current incomes are higher than their previous earnings. Therefore there is a case for strengthening the self-employment programmes of the commercial banks both in terms of wider coverage and in terms of larger amounts of loans.

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A P P E N D I C E S

INTERVIEW SCHEDULE TO ELICIT THE INFORMATION ON THE SELF-EMPLOYMENT PRACTICES OF RETAILERS/FIREWOOD SHOP OWNERS

I. General information:

- | | | | | |
|-------------------------------------|---|----------------------|----------------------|----------------------|
| 1. Name | : | Type of family: | | |
| 2. Sex | : | Family size | Adults | Children under 14 |
| 3. Age | : | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| 4. Caste | : | | | |
| 5. Education | : | | | |
| 6. Address | : | | | |
| 7. a. Previous occupation: | | | | |
| Income from (a) | : | | | |
| b. Present occupation : | | | | |
| Income from (b) | : | | | |
| 8. When did you set up the business | : | | | |

II. Investment patterns:

1. What was your initial contribution to this business :
2. What was the amount the bank has contributed :
3. Amount invested in land :
4. Amount invested in the construction of the shop :

5. If it is not owned by you
rent for the shop :
6. Amount needed per month
for running the business
on an average :
7. Give your monthly turnover
on an average :

III. Retailshops/Firewood shops:

1. What are the types of products you are selling :
(For retailshops only)
 - a. Provisions
 - b. Vegetables
 - c. Toilet goods/detergents
 - d. Stationery items
 - e. Fancy goods
 - f. Vessels
2. From where do you buy your major items?
Wholesale merchants/co-operatives/Retailers/others
3. How often do you collect the goods from them?
Daily/Weekly/Monthly/Annually
4. Do you make price discrimination to your customers?
Yes No
5. If yes, have you succeeded in your attempts?
Yes No
6. Do you face any problems with your customers?
Yes No
7. If yes, what are they?

8. Do you face competition in your business?

Yes No

9. If yes, in what ways?

- a. Price cutting
- b. Quality of the products
- c. Best service
- d. Others

IV. Employment patterns:

1. Do you employ anyone?

Yes No

2. If yes,

Items	Adults		Children below 14	
	Male	Female	Male	Female
Number				
Wage per day				

3. Do any of your family members work in the shop?

Yes No

4. If yes, give the number :

5. What payment will you attribute to them :

6. What will you earn if you were to do this work for someone outside :

V. Details of the loan

Purpose of the loan	Loan amount	Interest rate	Time taken for sanctioning the loan			
			Within a week	Within a fortnight	Within a month	More than a month

2. Duration of repayment of the loan:

Long term Medium term Short term
 (More than 3 years) (1-3 years) (within a year)

3. What type of security did they demand from you?

1. Land
2. Jewels
3. Buildings
4. Gurantee
5. Others

4. What is your mode of repayment?

In lumpsum/On instalments

5. Besides financial assistance did you get any other help from the Bank?

Yes

No

6. If yes, what are they?

1. Technical Assistance

2. Advice

3. Market informations

4. Others

7. What is the motivation for selecting this as your occupation?

8. Do you have any problems with the bank?

Yes

No

9. If yes, what are they?

INTERVIEW SCHEDULE TO ELICIT INFORMATION ON SELF-EMPLOYMENT
PRACTICES OF TEA STALL OPERATORS

I General information:

- | | | | | |
|--------------|---|----------------------|----------------------|----------------------|
| 1. Name | : | Type of family: | | |
| 2. Sex | : | Family size | Adults | Children under 14 |
| 3. Age | : | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| 4. Education | : | | | |
| 5. Caste | : | | | |
| 6. Address | : | | | |
7. a. Previous occupation:
 Income from (a) :
- b. Present occupation :
 Income from (b) :
8. When did you set up
 the business :

II. Investment pattern:

1. What was your initial :
 contribution to this :
 venture :
2. What was the amount :
 the bank has contri- :
 buted :
3. Amount invested in :
 land :
4. Amount invested in :
 the construction of :
 the shop :

5. If it is not owned by you rent
for the shop :
6. Amount needed per month for
running the business on an
average :
7. Give your monthly turnover
on an average :

III. Tea stalls:

1. From where do you get your requirements?
Wholesale merchants/Retailers/co-operatives/others
2. What are the items you are selling now?
3. Are the vessels are utensils your own?
Yes No
4. If no, how did you get them?
On instalments/on hire
5. Do you face any problems with the customers?
Yes No
6. If yes what are they?
7. Do you face competition in your business?
Yes No
8. If yes, in what ways?
 1. Price cutting
 2. Cleanliness
 3. Best service
 4. Delicious preparations
 5. Others

IV. Employment pattern

1. Do you employ anyone?

Yes No

2. If yes, give the following details:

Item	Adults		Children below 14	
	Male	Female	Male	Female
Number				
Wage per day				

3. Do any of your family members work in the shop?

Yes No

4. If yes, give the number

5. What payment will you attribute to them?

6. What will you earn if you were to do the work for someone outside?

7. What is the motivation for selecting this as your occupation?

V. Details of the loan:

Purpose of the loan	Loan amt.	Interest rate	<u>Time taken for sanctioning the loan</u>			
			Within a week	Within a fortnight	Within a month	More than a month

2. Duration of repayment of the loan

Long term
(more than 3 years)

Medium term
(1-3 years)

Short term
(within a year)

3. What type of security did they demand from you?

1. Land

2. Jewels

3. Gurantee

4. Others

4. What is your mode of ~~repay~~payment?

In lump-sum/on instalments

5. Besides financial assistance did you get any other help from the bank?

Yes

No

6. If yes, what are they?

1. Technical assistance

2. Advice

3. Market information

4. Others

7. Do you face any problems with the bank?

Yes

No

8. If yes, what are they?

**INTERVIEW SCHEDULE TO ELICIT INFORMATION ON THE SELF-EMPLOYMENT
PRACTICES OF TAILORING SHOPS**

I. General information

- | | | | | | |
|----|-------------------------------------|---|----------------------|----------------------|----------------------|
| 1. | Name | : | Type of family: | | |
| 2. | Sex | : | Family size | Adults | Children
under 14 |
| 3. | Age | : | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| 4. | Caste | : | | | |
| 5. | Education | : | | | |
| 6. | Address | : | | | |
| 7. | a. Previous occupation: | | | | |
| | Income from (a) | | | | |
| | b. Present occupation : | | | | |
| | Income from (b) | | | | |
| 8. | When did you set up
the business | : | | | |

II. Investment pattern:

1. What was your contribution to the venture :
2. What was the amount the bank has contributed :
3. Amount invested in land :
4. Amount invested in the construction of the shop :
5. If it is not owned by you, rent for the shop :
6. Amount needed per month for running the business on an average :

7. Give your monthly turnover on an average _____ ;

III. Tailoring shops:

1. Do you stitch both for gents and ladies?
2. List out the garments you are stitching :
3. From where did you get your requirements?
4. How many machines do you have now?
5. How did you get your sewing machine?
On instalments/In lump-sum
6. Do you find your business regular throughout the year?
Yes No
7. Do you increase the charges during the festival seasons?
Yes No
8. Do you face competition in your business?
Yes No
9. If yes, in what ways?
 1. Price cutting
 2. Best service
 3. Being modern
 4. Others

IV. Employment pattern

1. Do you employ others?
Yes No

2. If yes, give the following details:

Items	Adults		Children below 14 years	
	Male	Female	Male	Female
Number				
Wage per day				

3. Do any of your family members work in the shop?

Yes

No

4. If yes, give the number.

5. What payment will you attribute ^{to} them?

6. What will you earn if you were to do this work for someone outside?

7. What is the motivation for selecting this as your occupation?

V. Details of the loan:

Purpose of the loan	Loan amt.	Inte-rest rate	Time taken for sanctioning the loan			
			Within a week	Within afort-night	Within a month	More than a month

2. Duration of repayment of the loans:

Long term
 (More than 3 years)

Medium term
 (1-3 years)

Short term
 (with a year)

3. What type of security did they demand from you?

1. Land
2. Jewels
3. ^Guarantee
4. Others

4. What is your mode of repayment?

In lumpsum/on instalments.

5. Besides financial assistance did you get any other help from the bank?

Yes No

6. If yes, what are they?

1. Technical assistance
2. Advice
3. Market information
4. Others

7. Do you have any problems with the bank?

Yes No

8. If yes, what are they?

INTERVIEW SCHEDULE TO ELICIT INFORMATION FROM THE CANARA BANK
REGARDING ITS ROLE IN PROMOTING SELF-EMPLOYMENT

1. Name of the interviewee :
Address :

2. Type of loans that are lent by you:

3. Purposes for which the loans are lent:

4. The basis for giving loans:

5. What is the duration and interest rate you are charging for :

Duration	Interest Rate
----------	---------------

1. Long term loans
2. Medium term loans
3. Short term loans

6. What is your special role in the promotion ^{of} self-employment?

7. Do you keep a fixed proportion of your lendings for the promotion of self-employment?

Yes

No

8. If yes, what is the proportion kept aside for self-employment?

9. Should the recipients assure you about their marketability of the products?

Yes

No

10. Do you expect ^aguarantee from anyone?
Yes No
11. From whom do you expect the ^aguarantee?
12. Are the borrowers regular in their repayment?
Yes No
13. If no, difficulties faced by you in their repayment?
14. Do you get ~~information~~ ^{from} the borrowers regarding their monthly earnings?
Yes No
15. Do you make visits to the borrowers' place?
Yes No
16. What proportion do you expect the borrowers to contribute to the venture?
17. How much proportion will you contribute in the form of assistance?
18. Are they allowed to repay their loan on instalments?
Yes No
19. In case, the recipient cannot repay the loan within the specified time, will you extend the time of repayment?
Yes No
20. What provision do you make for their working capital?

21. As a branch of the lead bank, what are your achievements in the direction of promoting self-employment?

22. Do you make inter-bank comparisons of lendings each year?

Yes No

23. Do you advise other banks in their lending operations? •

Yes No