7. Nehru Rojgar Yojana (1992-93)

1. Background:

As per the estimates prepared for the VII Five Year Plan, nearly 5 crore population (28 per cent) in the urban area of the country was below poverty line during 1984-85. The proportion of Scheduled Castes and Scheduled Tribes population, amongst the population below poverty line in urban area was also considerable. With a view to provide employment to the weaker section in the urban areas and to give incentive to the unemployed youths to start self-employment by setting up micro enterprises in the urban areas, on the lines of 'Jawahar Rojgar Yojana' in rural areas, the centrally sponsored scheme 'Nehru Rojgar Yojana' was introduced from 1989-90 in the urban areas of the country as well as of the Maharashtra.

Under the scheme of 'Nehru Rojgar Yojana' families in urban areas having annual income less than Rs.9,950 as per price level of 1989-90 are entitled for the benefit of the scheme.

2. Implementing Programme:

There are five component plans included in the scheme viz. 1) Support for setting up micro enterprises, 2) Housing and Shelter upgradation, 3) Training for self-employment, 4) Training relating to construction activities and 5) Urban wage employment. The beneficiaries are assisted under these schemes as follows.

Under 'Support for setting up micro-enterprises' component plan, 25 per cent of the estimated cost of micro-enterprises subject to maximum of Rs.4,000 is given to the beneficiaries as subsidy while remaining 75 per cent of the cost is made available as loan through the commercial banks.

Under 'Housing and Shelter upgradation' component plan, 25 per cent of estimated cost of the expenditure on house construction/improvement subject to maximum of Rs.1,000 is given as subsidy, while remaining 75 per cent of the cost is made available as loan through the City and Industrial Development Corporation of Maharashtra Ltd. (CIDCO).

Under 'Training for self employment' component plan, training is imparted to the beneficiaries generally for three months for starting industries/business and stipend upto Rs.250 is given to each beneficiary during this period.

Under 'Training relating to construction activities' component plan, training is imparted to beneficiaries generally for three months, in regard to construction activities and stipend upto Rs.300 p.m. is given to each beneficiary during this period.
Under ‘Urban wage employment’ component plan employment is provided to unemployed poor by taking development works in urban areas.

3. **Objectives of the evaluation study:**

The scheme is recently introduced from the year 1989-90. The main purpose of the study is to find out whether there are any difficulties in implementation of the scheme or whether there are any deficiencies in the scheme. The main objectives of the study were decided as under:

a) To study the working of the scheme.

b) To find out the number of beneficiaries benefitted and the proportion of beneficiaries who have actually set up micro-enterprises under the scheme of ‘Support for setting up micro-enterprises’.

c) To find out the categorywise permanent assets created and the number of beneficiaries getting employment and the employment provided in a year in mandays per beneficiary under the scheme of ‘Urban Wage Employment’.

d) To find out the number of persons for whom housing projects have been prepared and number of persons for whom the houses have been actually constructed under the scheme of ‘Housing and Shelter upgradation’.

e) To find out the types of occupations for which trainings were organised, the number of beneficiaries trained and the number of persons getting self-employment or employment on account of this training under the schemes of ‘Training for self employment’ and ‘Training relating to construction activities’.

f) To find out the income groups and social class to which the beneficiaries belonged.

4. **Sample Selection:**

As the scheme was implemented in all the districts of the State all 30 districts have been selected for the study. Thus in all 59 Municipal Corporations/ Municipal Councils have been selected for the study. The selection of the beneficiaries for the component plans under the scheme is as follows (a) For the component plan ‘Support for setting up micro-enterprises’ 10 beneficiaries from each selected municipal corporation/ municipal council have been selected at random from the total number of beneficiaries benefitted during the period from 1989-90 to 1990-91 in that municipal corporation/ municipal council. Thus according to availability of beneficiaries 587 beneficiaries have been selected from 59 selected municipal corporation/ municipal councils. (b) For the component plan ‘Training for self-employment’ 5 beneficiaries from
each selected municipal corporation/ municipal council have been selected at random from the total number of beneficiaries undergone training during the period from 1989-90 to 1990-91 in that municipal corporation/ municipal council. Thus according to availability of beneficiaries 281, beneficiaries have been selected from 59 selected municipal corporations/ municipal councils. (c) For the component plan 'Urban wage employment' 10 beneficiaries have been selected at random from each selected municipal council from the total number of beneficiaries during 1991-92 in that municipal council. Thus according to availability of beneficiaries 245 beneficiaries have been selected from 29 municipal councils. (d) For the component plan 'Training relating to construction activities' 5 beneficiaries have been selected at random from each selected municipal corporation/ municipal council from the total number of beneficiaries undergone training during the period from 1989-90 to 1990-91. Thus according to availability of beneficiaries 45 beneficiaries have been selected from 9 municipal corporation/ municipal councils. (e) Since the component plan 'Housing and shelter upgradation' was implemented in two municipal councils, 10 beneficiaries from each have been selected at random from the total number of beneficiaries during the period from 1989-90 to 1990-91 from these two municipal councils. Thus 20 beneficiaries have been selected from these 2 municipal councils for this component plan.

5. Period of field work:

The field work for the study was completed between June – July, 1992.

6. Findings:

1. Under the five component plans of 'Nehru Rozgar Yojana' the expenditure to the extent of Rs. 16.64 crore was incurred during the period from 1989-90 to 1991-92 by 11 municipal corporations and 228 municipal councils. During this period 28,439 beneficiaries have been benefitted under the component plan 'Support for setting up micro-enterprises' while 2,185 families have been benefitted under the component plan 'Housing and shelter upgradation'. Under the component plan 'Urban Wage Employment' 24 lakh mandays of employment has been generated. Under the component plan 'Training for self-employment' and 'Training relating to construction activities' 8,521 and 1,422 persons have been trained respectively.

Subsidy and expenditure

2. Though out of the subsidy amounting to Rs.457 lakh received during the first year of 1989-90 by the 59 municipal corporations/ municipal councils selected for the study, the expenditure incurred was 13 per cent, the proportion of expenditure during the subsequent two years was 85 per cent and 86 per cent respectively. First year being the initial year the expenditure has been less.
Propaganda of the scheme

3. Nearly 70 per cent of the municipal corporations/ municipal councils under the study, the information about the scheme was given through the advertisements in the newspapers while 15 per cent of the municipal corporations/ municipal councils the staff was deputed to disseminate the information. In the remaining 15 per cent of the municipal corporation/ municipal councils the information was given through other mode of publicity.

Advisory Committee

4. It was seen that in 35 per cent of the districts under study, the meetings of the Advisory committees were organised once in a month while in another 42 per cent of the districts, the meetings were organised once in three months. In the remaining 23 per cent of the districts it was found that the meetings were organised once or twice in a year.

5. The findings of the study of five component plans under this scheme are given separately as below.

A) Support for setting up micro-enterprises:

6. Selection of beneficiaries after the scrutiny of 124 thousand applications received for the financial assistance under this component plans in 59 selected municipal councils about 55 per cent applications were found to be incomplete. The remaining 45 per cent applications were forwarded to banks for sanction. Of these, 34 per cent of the applications were sanctioned by the banks while 55 per cent of the applications were rejected/ returned by the banks. The remaining 11 per cent of the applications were found to be pending with the banks.

Income limit

7. The Planning Commission has decided the income limit at Rs. 7,200 as per 1984-85 price level, for the VII Five Year Plan period, for the urban poor below the poverty line. Income level of Rs. 9,950 as per 1989-90 prices for VIII plan period was decided by the Planning Commission. As no directives to this effect were given by the Reserve Bank of India to the banks, it was found that they sanctioned the loans under this scheme as per the previous income limit to those persons whose annual income was upto Rs.7,200.

Beneficiaries under this scheme

8. The estimated number of families in 59 municipal corporations/ municipal councils selected for the study was about 12 lakh. Out of these, only two per cent families (18,901 persons) were sanctioned financial assistance under the scheme of ‘Support for setting up micro-enterprises' during the period from 1989-90 to 1991-92.

Financial assistance sanctioned to the beneficiaries
9. Under the scheme of ‘Support for setting up micro-enterprises’ the total assistance of Rs.6,700 was sanctioned per beneficiary, of which Rs. 5,000 was loan through bank and Rs.1,700 as subsidy from Government.

**Period taken for sanctioning financial assistance**

10. Though the financial assistance was sanctioned within six months from the date of application, to the large number i.e. 70 per cent of the beneficiaries selected for the study, the period taken for sanctioning the financial assistance was more than six months in respect of one-third beneficiaries.

**Employment through the scheme**

11. During the year 1991-92, 253 mandays of employment per beneficiary was generated under the ‘Support for setting up micro-enterprises’ of which 156 mandays were in the enterprise set up under the scheme and 97 mandays in other works.

**Income groups of beneficiaries**

12. It is observed that the average annual income of the beneficiaries before getting benefits under the scheme was Rs.5,196 while it is Rs.7,523 at present. From this it can be seen that the annual income of the beneficiaries has increased by about 45 per cent. It was found that in the case of about 22 per cent of the beneficiaries the annual income has increased to Rs.10,000 or more due to the benefits under this scheme.

**Change in occupation due to this scheme**

13. Those beneficiaries doing occupation, nearly 69 per cent had no change in their occupations while remaining 31 per cent had changed their occupations.

**Type of micro-enterprise and its present position**

14. The beneficiaries who were given financial assistance it has been observed that 5 per cent beneficiaries did not set up any enterprise while 13 per cent beneficiaries have set up their enterprise but had closed it subsequently. These 18 per cent beneficiaries were mostly from micro-enterprises relating to trade. It was observed that about 50 per cent of the beneficiaries were given financial assistance for setting up micro-enterprise relating to trade. The proportion of failure in this sector appears to be more.

**Bank notices for repayment of loan**

15. It is seen that nearly two-third of the beneficiaries under the study did not receive bank-notices for repayment of loan. Therefore, it is necessary for the banks to issue notices for repayment of loan regularly.

**Repayment of loan**
16. Nearly 56 per cent of the loan (outstanding on the date of study) given for ‘Support for setting up of micro-enterprises’, was actually repaid. It is not satisfactory that the proportion of overdues is 44 per cent.

**Income group of beneficiaries prior to benefit of the Scheme**

17. About 99 per cent of the beneficiaries under the scheme of ‘Support for setting up of micro-enterprises’ belonged to the families below poverty line.

**Social class of beneficiaries**

18. As per 1981 Population Census, the proportion of Scheduled Castes population to total population was 6 per cent while that of the Scheduled tribes population was 2 per cent in the municipal councils under the study. The proportion of Scheduled castes and Scheduled tribes beneficiaries was 19 per cent and 4 per cent to the total number of beneficiaries selected for the study under the scheme of ‘Support for setting up of micro-enterprises’. It is thus, seen that due priority is given under this scheme to the backward class families.

**Proportion of female beneficiaries**

19. The proportion of female beneficiaries to the total number of beneficiaries, under the scheme of ‘Support for setting up of micro-enterprises’, was somewhat more i.e. 35 per cent the expected proportion of 30 per cent.

(B) **Urban Wage Employment**

Selection of beneficiaries under the scheme of ‘Urban Wage Employment’.

**Wage Employment**

20. As expected under the scheme in about 14 per cent municipal councils, employment is given only to those persons who have applied/registered under the scheme. In the remaining 86 per cent municipal councils, the labourers have been employed through contractors on the works taken in hand under this scheme.

**Proportion of Local beneficiaries under ‘Urban wage employment scheme’**

21. In the case of 61 per cent of municipal councils, the proportion of local labourers on the works under this scheme was more than 75 per cent. In the case of 13 per cent of municipal councils, proportion was between 50 to 75 per cent. And in the case of remaining 26 per cent of municipal councils the proportion of labourers from villages around and the other states was more than 50 per cent.

**Technical sanction for works**

22. The technical sanction for the works under this scheme is received late from the Collector's office. Therefore, the works cannot be started in time. It is, therefore,
necessary to take care that there should not be more delay to give the technical sanction for the works under this scheme.

**Wage rates**

23. The wages to the labourers on the works taken in hand under this scheme are given as per the rates prescribed under the Employment Guarantee Scheme. But in urban areas the labourers do not become available for work at these rates.

**Nature of works undertaken under the scheme**

24. In 28 municipal councils under the study in all 797 works were undertaken under the scheme of ‘Urban Wage Employment’ till the end of March, 1992, since its inception. The expenditure incurred thereon was Rs.2.17 crore. The expenditure was also incurred under this scheme on the works such as construction of compound and repairs works.

**Assets created**

25. In all 672 assets were created, under this scheme till March, 1992, since inception of the scheme and the expenditure incurred thereon was Rs.161.11 lakh. Of this total expenditure, 62 per cent was for construction of 337 roads and 27 per cent was for construction of sewerages. Thus 89 per cent of the total expenditure was for construction of roads and sewerages. Of the remaining 11 per cent expenditure, 2 per cent was for construction of latrines, 2 per cent for construction of compounds and 7 per cent on other miscellaneous properties.

**Beneficiaries under this scheme**

26. In 15 municipal councils under the study, the employment under the scheme of “Urban Wage Employment” was provided to 1,973 persons from 40,000 families below poverty line and their proportion was about 5 per cent in 1991-92.

**Employment generated by beneficiaries**

27. Under this scheme, employment worth 242 mandays per beneficiary was generated by beneficiaries during 1991-92. Of which 119 mandays (49 per cent) was on the works under the scheme of urban wage employment and 123 mandays (51 per cent) on other works.

**Annual income of the beneficiaries**

28. The average annual income of the beneficiaries prior to the benefit of the scheme of "Urban Wage Employment" was Rs.4,250/- while at present it is Rs.5,235. Thus it can be inferred that the average annual income per beneficiary has increased by about Rs.1,000 (25 per cent) and mostly it may be due to benefits of the scheme.
Social class of the beneficiaries

29. In the municipal councils under study the percentage of scheduled castes population to total population was 8 per cent and that of scheduled tribes it was 4 per cent as per 1981 population census. The proportion of scheduled castes and scheduled tribes beneficiaries to the total beneficiaries under the study was 30 per cent and 17 per cent respectively. It is seen from this that the proportion of scheduled castes and scheduled tribes beneficiaries was more than the desired proportion.

Proportion of female beneficiaries

30. The proportion of female beneficiaries under the scheme of "Urban Wage Employment" was 27 per cent which was nearer to the expected proportion of 30 per cent.

Income group of beneficiaries prior to the benefit of the scheme

31. Most of the beneficiaries (97 per cent) under the scheme of "Urban Wage Employment" were below poverty line.

(C) "Training for self-employment"

Selection of beneficiaries

32. Out of the total 18,944 applications received for the benefits under the scheme of "Training for self employment" till the end of March, 1992, 8,521 applicants (45 per cent) were selected. The remaining 55 applicants were not selected for the training. From the reasons collected in this regard it was revealed that 58 per cent of applications were not within the limit of the capacity of training, 5 per cent were not within the prescribed income limit, 9 per cent were not in the prescribed form and the remaining 28 per cent were not selected for other reasons.

Benefits accrued due to training

33. Out of 281 beneficiaries 37 per cent of beneficiaries got employment by setting up micro enterprises, while 9 per cent got job because of training. Thus it was observed that 46 per cent beneficiaries were benefitted by the training under the scheme while, the remaining 54 per cent were not benefitted.

34. The information as to why they did not get the job or self-employment after completion of training was collected from 152 beneficiaries, who were not benefitted under the scheme. Most of them (61 per cent) could not set up micro enterprise or start business for want of financial assistance. Since they did not receive any financial assistance, they could not set up micro enterprise and get self-employment.
35. The average annual income of beneficiaries who got self-employment or job, was Rs. 2,400 before the training, while the same at present is Rs. 5,090. It is inferred from this that due to training under the scheme the average annual income of the beneficiary has increased by about Rs. 2,700 (112 per cent).

36. Because of training under the scheme about 10 per cent of beneficiaries have crossed the poverty line.

**Employment generated by beneficiaries**

37. As a result of training under this scheme, 236 mandays of self-employment/employment per beneficiary was generated by beneficiaries during 1991-92. Of which 174 mandays were in the newly set up occupations and 62 mandays were in other works.

**Income group of the beneficiaries prior to training**

38. Of the 281 beneficiaries surveyed nearly 100 per cent beneficiaries were below the poverty line.

**Social Class**

39. Among the trained 281 beneficiaries surveyed the proportion of scheduled castes and scheduled tribes beneficiaries was 32 per cent and 5 per cent respectively. The proportion of scheduled castes and scheduled tribes beneficiaries to total beneficiaries under the scheme of training for self-employment is more than the desired proportion.

**Proportion of female beneficiaries**

40. Out of 281 beneficiaries surveyed 35 per cent were female beneficiaries. This proportion is little more than the expected proportion of 30 per cent.

(D) Training relating to construction activities Selection of beneficiaries

41. Out of 3,057 total applications received upto March 1992, 69 per cent applicants were selected for the study remaining 31 per cent were not selected. From the reasons collected in this regard it was revealed that 20 per cent of the applicants were not within the limit of the capacity of training and 80 per cent were not fulfilling the conditions prescribed for training.

**Benefits of the training**

42. Out of 45 beneficiaries under the study 42 per cent of beneficiaries had started their own occupation and got self-employment. While 7 per cent of beneficiaries got job on account of training. Thus it was found that about 50 per cent of beneficiaries were benefitted by this 'Training'.
43. It is revealed that half (52 per cent) of beneficiaries required financial assistance for starting their own occupation. Since they did not get any such assistance they could not start their occupation for self-employment.

**Income group of beneficiaries**

44. The average annual income of beneficiaries who got self-employment or job was Rs.2,840 prior to 'Training', while the same at present is Rs.4,950. It is, thus, seen that the average annual income of the beneficiaries had increased by about Rs.2,100 (75 per cent) due to this training.

**Self-employment/employment to beneficiaries**

45. As a result of 'Training' under this scheme 234 mandays of self-employment/employment per beneficiary was created by beneficiaries, during 1991-92, out of which 204 mandays were on account of 'Training' and 30 mandays were on other works.

**Income group of beneficiaries prior to Training**

46. It has been observed that out of 45 beneficiaries most of the beneficiaries (93 per cent) were below poverty line, as expected.

**Social class of beneficiaries**

47. In 9 municipal corporations/municipal councils the proportion of scheduled castes to total population as per 1981 population census was 7 per cent while that of scheduled tribes 2 per cent. Of the 45 trained beneficiaries under the study the proportion of scheduled castes beneficiaries was 56 per cent while that of scheduled tribe nil. Thus it is seen that the proportion of beneficiaries belonging to backward classes was much more than expected.

**Female beneficiaries**

48. Out of 45 beneficiaries under the study the proportion of female beneficiaries was 2 per cent. It is, thus observed that the proportion of female beneficiaries under the scheme is very less than expected.

**(E) Housing and shelter upgradation**

**Selection of beneficiaries under the scheme of Housing and Shelter Upgradation**

49. Out of 2,240 families selected by the municipal councils for the benefits under this scheme 2,185 families were sanctioned loan by HUDCO.
50. In two municipal councils surveyed, 2,185 families out of 47,267 families below poverty line were given financial assistance under the scheme up to March, 1992. It is, thus seen that up to March, 1992, the proportion of the families below poverty line benefitted under the scheme in the municipal councils surveyed was only 5 per cent.

**Financial assistance to the beneficiaries**

51. The financial assistance to the extent of Rs.3,500 (Rs.3,000 as loan and Rs.500 as subsidy) per beneficiary was given to 20 beneficiaries selected for the study under the scheme.

**Present condition of the houses**

52. It was observed that the houses of all 20 beneficiaries selected for the study have been upgraded and all 20 shelters are in good condition.

**Participation of beneficiaries**

53. It was observed that most of the beneficiaries (80 per cent) did not participate in the work of their shelter upgradation.

**Repayment of loan**

54. In the case of 10 out of 20 beneficiaries under the study, the orders for the repayment of loan were not issued by the concerned municipal councils and as such loan amount was not repaid. In the case of remaining 10 beneficiaries, out of the total recovery of Rs.14,000 an amount to the extent of Rs.13,000 (93 per cent) was recovered.

**Income group of beneficiaries**

55. It was observed that all the 20 beneficiaries under study were below poverty line as expected.

**Social class of beneficiaries**

56. In the municipal councils surveyed, the proportion of scheduled castes/scheduled tribes to the total population as per 1981 population census was about 10 per cent. Of the total beneficiaries selected for the study under this component plan it is seen that 10 per cent beneficiaries were from backward classes.
7. **Recommendations**

Taking into consideration the above mentioned findings of the study the following recommendations are made in respect of this scheme.

1. The amount of subsidy should be disbursed to the municipal corporation/municipal councils at the beginning of the year, so as to incur the expenditure as per the financial targets under the scheme.

2. The representative of banks should be appointed as member of the Advisory Committee formed for the scheme.

3. In every district, the meetings of the committee should be arranged once in a quarter, so as to serve the purpose behind the formation of the Advisory Committee.

4. The implementing officers, banks and Reserve Bank of India should fix concurrently the criteria for the beneficiaries in order to reduce the proportion of applications to be rejected for benefits under the scheme of "Support for setting up micro enterprises". Only those applications fulfilling these criteria should be sponsored. The present doubts about the enhanced income limit recently prescribed for eligibility of financial assistance, should be removed by co-ordination between the banks and Reserve Bank of India.

5. The information regarding the scheme should be propagated in the local newspaper through advertisement at least once in a year so as to reach to the needy people. In the case of small municipal councils the information should be given by beat of drums.

6. Care should be taken to see that period taken for sanction of financial assistance to beneficiaries is not more.

7. Since more cases of failure are observed regarding micro enterprises in trade sector, proper care should be taken while granting financial assistance for setting up micro enterprises in this sector.

8. Banks should issue notices to the beneficiaries regularly and municipal corporation/municipal councils should pursue the repayment in order to increase the recovery of loan under this scheme.

9. The works under the employment schemes should be undertaken through departments by the municipal councils, so as to provide employment to local persons and persons belonging to families below poverty line.

10. In urban areas wage rates for construction works should be fixed separately.
11. Under the scheme of "Urban Wage Employment" instead of minor repair works, development works useful to the people should be undertaken.

12. In order to get the financial assistance to the trainee beneficiaries desiring to start self-employment or occupation the schemes "Support for setting up micro enterprises", "Training for self-employment and "Training relating to construction activities" should be properly interlinked.

13. The proper follow-up should be there to see that whether the trainee beneficiaries under the schemes of "Training for self-employment" and "Training relating to construction activities" get the self-employment or employment; Those training courses from which no self-employment or employment is made available on large scale should be discontinued. Training of those occupations which have scope at the local level should only be given.

*******